

The Global Newspaper  
Edited and Published  
in Paris  
Printed simultaneously  
in Paris, London, Zurich,  
Hong Kong, Singapore,  
The Hague, Manila,  
Miami, Rome.



# Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

No. 32,453

26/87

PARIS, SATURDAY-SUNDAY, JUNE 27-28, 1987

ESTABLISHED 1887

## Missouri To Sail for Gulf Area

### U.S. Battleship To Stay Mostly Outside Zone

*The Associated Press*

WASHINGTON — The battleship Missouri and three escort ships will sail from California in late July for the Gulf region, Pentagon officials said Friday.

The battleship will not be used to escort Kuwaiti oil tankers, the officials said, but will stand as a second sentry in a "one-two punch" along with the aircraft carrier Constellation to respond if Iran attempts to fire ground-to-sea missiles against ships bearing the American flag, the officials said.

Besides its huge 16-inch (40-centimeter) guns, the Missouri will be prepared to use Tomahawk cruise missiles against Iranian targets, the sources added.

By the time the ship gets under way over the last weekend of July, the navy will have all the geographic and terrain data needed to program the Tomahawk's sophisticated guidance system, they added.

The officials, who requested anonymity, said the Missouri, two cruisers and a guided-missile destroyer would leave from California ports July 25 or 26, bound for the northern Arabian Sea. One of the cruisers will be an Aegis-class ship, considered the most advanced air-defense vessel in the world, the sources added.

While the Missouri battle group may "occasionally" move into the Gulf, it will spend most of its time in the northern Arabian Sea and Gulf of Oman, outside the Gulf's entrance at the Strait of Hormuz, the officials said.

The sources, disclosing new details of the U.S. Navy's plans for escorting the 11 Kuwaiti tankers soon to fly the American flag and have American captains, said the battleship would work with the Constellation to ensure that "if Iran shoots one Silkworm missile, it won't shoot a second." The reference was to the Chinese-made variant of a Soviet anti-ship missile.

President Ronald Reagan has agreed to extend U.S. military protection to the Kuwaiti oil tankers, asserting that the United States must act to protect the free flow of oil to the West. Kuwait's tankers have become a special target of

See GULF, Page 5

### Kiosk

#### 2 Polyps Found In Reagan Exam

WASHINGTON (UPI) — Two small "benign-looking polyps" were discovered Friday and removed from President Ronald Reagan's colon during a routine intestinal examination and will be tested to see if they are cancerous, announced Dr. John Hutton, the president's physician.

The examination also included a "routine prostate exam" as a follow-up to Mr. Reagan's prostate operation in January and was found to be entirely normal. In 1985, a tumor and a section of adjacent intestine were removed from Mr. Reagan's colon, or large intestine.

Arthur F. Burns, 83, former chairman of the Federal Reserve Board, died Friday. Page 3.

#### GENERAL NEWS

■ Kurt Waldheim said his visit with Pope John Paul II has "strengthened me." Page 2.

■ President José Sarney of Brazil narrowly escaped injury when protesters threw rocks at the bus he was in. Page 5.

#### BUSINESS/FINANCE

■ JWT Group, the U.S. advertiser, agreed to merge with a British firm, WPP Group, for \$56 million. Page 13.

Dow close: DOWN 14.19  
The dollar in New York:  
DM £ Yen FF  
1.611 146.35 6.065



Kim Young Sam, an opposition leader, was shoved into a police van in Seoul as he was on his way to a demonstration Friday.

### U.S., Syria Will Confer On Hostages

By Gerald M. Boyd  
*New York Times Service*

WASHINGTON — President Ronald Reagan has urged President Hafez al-Assad of Syria to begin high-level talks on a range of issues, including ways to free American hostages in Lebanon, and Mr. Assad has agreed, Reagan administration officials said Friday.

Mr. Reagan sent a personal letter to the Syrian leader that raised the possibility of dispatching Vernon A. Walters, the U.S. chief delegate to the United Nations, on a mission to Damascus.

The officials said that Mr. Assad had accepted Mr. Reagan's offer of a special envoy but that it had not been decided when Mr. Walters would go to Syria.

While the officials declined to indicate when the correspondence was delivered, they suggested that its timing had been prompted by Syria's role in efforts to free Charles Glass, the American journalist taken hostage in Lebanon last week.

One administration official familiar with the letter said Mr. Reagan had raised several topics in which "we feel Syria can be constructive." In addition to the hostages, they included reviving Middle East peace efforts and ending the violence in Lebanon.

The letter represented a major attempt to change the direction of U.S.-Syrian relations. Just last October, the United States withdrew its ambassador and ordered American businesses to leave, saying that Syria was supporting international terrorism. The action was taken after a London court convicted a Palestinian of trying to put a bomb on an El Al airplane with Syrian help.

Last May, the administration decided not to send Ambassador William L. Eagleton Jr. back to Damascus after concluding that Syria had not taken concrete steps to end its support of terrorism.

Administration officials said that one factor in Mr. Reagan's decision to send the letter had been Mr. Assad's move to close the Damascus office of the Abu Nidal Palestinian terrorist organization. Washington had demanded such a move, saying it would show that the Syrian leader's avowed opposition to terrorism was genuine.

Mr. Assad had been credited with gaining the release of two Lebanese who were kidnapped with Mr. Glass, a freelance journalist who had worked for ABC News. The two freed men, Ali Ossman, who is the son of Lebanon's defense minister, and a driver, were released Wednesday.

The state-run Damascus Radio had assailed the kidnappers, saying such abductions were giving the Lebanese and other Arabs a "bad name." It said the abductions must be "confronted with every means possible."

While Reagan administration officials declined to indicate what had motivated the president to send the letter, they suggested that some of his aides believed that the recent moves in Damascus indicated a change by Mr. Assad that needed to be explored.

The administration has also been searching for a way to revive peace efforts in the region. Because there has been so little movement, Secretary of State George P. Shultz has postponed any visit to the Middle East.

One official said that, depending on Mr. Assad's response, Mr. Walters could travel to Syria in the next few weeks. The officials said such a trip would be a clear signal of Mr. Reagan's desire to improve relations.

### Gorbachev Assails Key Officials

#### 2 Economic Planning Chiefs Bear Brunt of Criticism

By Bill Keller  
*New York Times Service*

MOSCOW — Mikhail S. Gorbachev, the Soviet leader, has coupled his call for sweeping economic changes with a sharp attack, by name, on some of his leading economic planners and industrial ministers.

Several of the officials rebuked Thursday came to power under Mr. Gorbachev, indicating that his impatience to quicken the pace of change is not limited to holdovers from the years of Leonid I. Brezhnev.

The two most senior officials singled out by name were the heads of the powerful central planning agencies, Nikolai V. Talyzin, chairman of Gosplan, or the Committee for State Planning, and Lev A. Voronin, head of Gosnab, or the State Committee for Material and Technical Supply.

Mr. Gorbachev said these two agencies were "primarily responsible" for the weak performance of Soviet industry in the first months of this year.

Gosplan distributes detailed production plans for all Soviet in-

dustries. Gosnab controls the flow of raw materials to factories.

Mr. Gorbachev proposed that both agencies be relegated to the role of long-range planners, with no binding authority over individual ministries.

Western economists have generally attributed the poor industrial

production in the first half of 1987 not to failures of central planning but rather to severe winter weather and a new quality inspection program that forced industries to junk shoddy products rather than count them in their production figures.

Mr. Gorbachev's comments may indicate that he is seizing a convenient excuse to replace key economic personnel, just as he recently responded to the violation of Soviet airspace by a small West German plane in May by shaking up the top ranks of the military.

In effect, there has been and remains a shortage of everything —

### Yugoslav Leaders Brace For New Round of Crises

By Henry Kamm  
*New York Times Service*

BELGRADE — As midyear approaches, the Yugoslav government is preparing for another peak in its long economic, political and social crisis.

On June 30, state enterprises will have to compile an accounting of their activities. Many — some ana-

lysts suspect as many as half — are chronic money-losers. Under new stiff laws, the government is obliged to cut off the subsidies that for many years have kept unproductive plants alive and declare them bankrupt.

"If we don't do that, nothing else will succeed," said Zivorad Kovacevic, who has just been named ambassador to the United States.

What is at stake is the government's stabilization program, intended to pull the economy out of the deep slump into which it sank in the late 1970s after many years of rapid growth.

Yugoslavia's foreign debt stands at about \$20 billion; inflation is about 100 percent a year, and 14 percent of the workforce is counted as unemployed in a population of 23 million.

This would be a grave situation in any country, but Yugoslavia, since the death more than seven years ago of President Tito, also has lived in a permanent crisis of political authority.

Yugoslavia is a federal country of six republics and two autonomous provinces, with a constitution that recognizes the high degree of independence that each part guards jealously. It lacks the strong central authority necessary to impose a program of austerity and sacrifice.

One official said that, depending on Mr. Assad's response, Mr. Walters could travel to Syria in the next few weeks. The officials said such a trip would be a clear signal of Mr. Reagan's desire to improve relations.

When his parents mentioned, for example, that "Rusty" missed ice cream in the cell he shares with a Ukrainian agent of black market dealings, one of the interrogators responded like a stern but indulgent uncle: "Your son wants ice cream? But why didn't he say so sooner? He will get it right away!"

Nonetheless, the message from Lefernovo Prison is that the KGB is quite angry at Mr. Rust. After all, he might have

started a war or killed someone by flying into the Soviet Union and landing his propeller plane in an area beside the Kremlin where there are many pedestrians.

But, the message goes on, Moscow hopes to send him home once it makes sure that he really did act alone on his peace mission.

The message in Stern is being conveyed to West Germans in the pages of a publication that has never been known for its harsh criticism of the Soviet Union or its sympathies for the United States.

But one of the magazine's three top editors, Klaus Liebert, said it was "nonsense" to suggest that the magazine was in any way behaving as a vehicle for Soviet propaganda.

"We are only after a good story," he said.

In pursuing that story, Stern contacted Mathias Rust's parents the day after he landed in Moscow; it agreed to pay all of the young pilot's legal costs, and then some.

"We don't want to talk about the sum involved," Mr. Liebert said. "But it is a lot less than has been speculated about in the press."

"When an utterly normal family experiences something that is not going to experience again, I think it is fully understandable that they try to make something from it," Mr. Liebert said.

"That's the capitalist system," he added. "I think it's terrible that we're being accused of 'checkbook journalism.'

Stamps refer to paying high fees for exclusive rights to a news-related interview.

As a result of Stern's access to Mr. Rust's parents, the magazine reported the scoop that the couple believed their son had set off on a peace mission to Mikhail S. Gorbachev; he had landed symbolically in Reykjavik, the site of a summit meeting of Mr. Gorbachev and President Ronald Reagan last fall, then in Helsinki, where a major East-West accord on detente was signed in 1975; and had flown on to Moscow through Soviet air defenses and land in Moscow.

Mathias Rust's political views as conveyed in the interview came across as vaguely leftist and anti-American; his parents told Stern the young man had voted for West Germany's opposition party, the Social Democrats.

A Stern reporter and photographer accompanied Monika and Karl-Heinz Rust to Moscow for their meeting with their son, the "Don Quixote of the Skies," as the magazine anointed him.

Mrs. Rust related that her son was being extremely well treated. She said he was "working happily with his interrogators" and that he considered one KGB major his "friend."

Stern also reported this week that Mr. Gorbachev was taking a personal interest in the case. The Soviet leader, Stern reported, read letters from Mr. Rust's parents that the magazine had passed on to Mr. Gorbachev.

## Protesters Rampage, Seoul Detains Kims

By Clyde Haberman  
*New York Times Service*

SEOUL — With a massive use of tear gas, manpower and raw force, South Korean riot police ultimately managed to retain control of Seoul's streets Friday night against tens of thousands of anti-government protesters.

The clashes were the most ferocious in a week, and they demonstrated that South Korea's political crisis was not near an end.

But they also wound up as something of a standoff between dissidents and the police, making it difficult to judge whether they will lead to further unrest, as some fear, or prove to be the last outburst before a lull, as many hope.

Foreign diplomats and other observers had viewed Friday night as a test of sorts. Beforehand, some spoke of intense concern about the possibility that serious skirmishes could provoke military intervention.

The demonstrations were vigorous despite the absence of the top two opposition leaders, Kim Young Sam and Kim Dae Jung, who were detained by the government before the rallies.

It was the first major demonstration since President Chun Doo Hwan and Kim Young Sam met on Wednesday in a vain attempt to end the crisis quickly.

Mr. Chun made offers to Mr. Kim that the government called significant but that the opposition dismissed as inadequate.

The presence of many nonstudents among Friday night's demonstrators suggested that many Koreans agreed with the anti-government forces.

Mr. Talyzin and Mr. Voronin were appointed to their jobs under Mr. Gorbachev. Their careers are closely linked to Mr. Gorbachev's prime minister, Nikolai I. Ryzhov, who has seemed recently to lag behind the general secretary in his eagerness for economic changes.

Some of the sternest criticism was leveled at the leadership of the Bureau of Machine-Building, a superagency created in November 1985 to supervise that vital branch of industry. Mr. Gorbachev has identified machine production as the cornerstone of his effort to modernize Soviet industry.

[The scene was the same over much of South Korea, with large demonstrations in more than two dozen cities. The Associated Press reported.]

[In the southern city of Pusan, nearly 10,000 people demonstrated as the court prepared to leave for summer recess until October.

Mr. Reagan's most recent appointment merely replaced one conservative with another. Antonia Scalia was nominated to succeed William H. Rehnquist, who moved up to replace Warren E. Burger as chief justice.

The departure of Justice Powell, a soft-spoken, nonideological Vir-

J.D.	Egypt	115 Rob. Chemin	0.000 Rob.
—	India	1,200 Lec. Gurum	125 Lec.
—	Indonesia	500 Rup. Rep. of Ind.	450 Rup.
—	Iraq	50 Dinar	70 Dinar
—	Jordan	50 Dinar	450 Dinar
—	Kenya	50 Shillings	50 Shillings
Cambodia	—	500 Riels	500 Riels
China	CF. 8.00	500 Yuan	500 Yuan
Denmark	10,000 DKK	100 Kr.	100 Kr.
Egypt	—	500 L.E.	500 L.E.
Finland	—	500 Markka	500 Markka
France	500 F.	500 Francs	500 Francs
Germany	—	500 DM	500 DM
Great Britain	£100	100 Pounds</	

## U.S. Affirms Pershing Missile Plan In Germany

By Don Oberdorfer  
*Washington Post Service*

**WASHINGTON** — The Reagan administration says it reserves the right to keep some of its Pershing nuclear missiles in Europe by reducing their range and transferring them to the West German government, even after a deal is made with the Soviet Union to ban intermediate-range missiles in Europe.

A State Department spokeswoman, Phyllis Oakley, announced the U.S. position Thursday after discussion of such a plan in Bonn on Wednesday by Maynard W. Giltman, the chief U.S. negotiator for intermediate-range missiles at the Geneva arms talks.

It was widely anticipated that the Soviet Union would reject such a U.S. plan. A senior Soviet official in Washington said that while the embassy had not received an official stand from the Kremlin, Moscow would object to any such transfer in strong terms.

The drive toward agreement on a treaty banning intermediate-range and shorter-range nuclear missiles from Europe has been interrupted in recent weeks by Soviet demands to include Pershing-1A shorter-range missiles already in the hands of the West German government.

The United States, which controls the nuclear warheads on these weapons, has insisted that they not be covered by the treaty.

The latest U.S. statements suggest to some officials that Washington is creating a chip that it can trade off against the Soviet demand that German Pershing-1As be included.

Other officials said the statements flow logically from U.S. backing for the modernization of the German Pershing-1As that was a condition of the North Atlantic Treaty Organization's approval of the U.S. bargaining position at Reykjavik, Iceland, where NATO foreign ministers met earlier this month.

Specifically, Mrs. Oakley said the U.S. "draft treaty" proposed at Geneva would permit the conversion of Pershing-2s, which have a range of about 1,100 miles (1,780 kilometers), to Pershing-1B missiles with a range of about 400 miles.

She said that under a long-established program of cooperation" with Bonn, the United States could then transfer those weapons to West Germany.

State Department sources said U.S. negotiators contended in Geneva that the Soviet Union could not convert and transfer any of its medium-range missiles in this way because there was no "long-established program" under which Moscow shares nuclear missiles with its allies.

Mrs. Oakley said the U.S. position on this issue was "hypothetical" because "there is currently no U.S. or West German proposal" to convert the weapons, although the United States is demanding the right to do so.

The White House spokesman, Martin Fitzwater, said "we don't have any plans" to convert the Pershing-1As.



President Kurt Waldheim of Austria and his wife, Elisabeth, visiting a church in Rome on Friday after meeting Pope John Paul II. Pointing to a painting is the Reverend Johann Niedball, the rector of Austrian Catholic College in Rome.

## 3 Supporters of Gorbachev Win Key Posts

United Press International

**MOSCOW** — Mikhail S. Gorbachev won the appointment of three supporters to the ruling Politburo on Friday and gained the backing of the Communist Party leadership for his drastic changes to reverse the country's economic decline.

In an apparent major victory for Mr. Gorbachev over opponents of his revisions, the plenum confirmed the promotion of Alexander N. Yakovlev, 63, the Soviet propaganda chief, from nonvoting status to full Politburo membership.

The Politburo now has 14 full voting members and appears to be dominated by backers of Mr. Gorbachev's revisions.

Gorbachev's changes and possibly for the Soviet leader himself.

Also promoted to full membership was Nikolai N. Slyunakov, 58, the Communist Party leader in Belarusia, who was responsible for breaking up the patronage network established in his republic in the Brezhnev era.

Viktor Nikonorov, 58, who has been associated with Mr. Gorbachev for a decade, also was promoted to the Politburo, which supervises the daily running of the country.

The Politburo now has 14 full voting members and appears to be dominated by backers of Mr. Gorbachev's revisions.

Defense Minister Dmitri T. Yarov, 63, was promoted to candidate, or nonvoting, status in the Politburo. He replaced Sergei L. Sokolov, who was removed as defense minister after a 19-year-old West German landed a small plane in Red Square in Moscow on May 23.

The 300-member Central Committee approved guidelines for Mr. Gorbachev's sweeping economic revisions and adopted a new law for the management of state enterprises. It also approved the first special Communist Party Congress since World War II, to be held in June 1988.

That session would allow Mr.

Gorbachev to alter the structure of the Central Committee and, possibly, to appoint his allies while eliminating opponents. Without a special congress, the Soviet leader must wait until the next scheduled congress in 1991 to radically alter the committee's makeup.

### Economic Plans Outlined

*Philip Taubman of The New York Times reported earlier:*

In a speech to the Central Committee meeting on Thursday, Mr. Gorbachev called for a partial dismantling of central control of the economy and also of subsidized prices, two linchpins of the Soviet system.

In his address, he talked openly, for the first time, about likely dislocations in the country's work force, including layoffs, and he recommended the creation of retraining programs.

In the most forceful outline for economic change that he has provided since taking office in early 1985, Mr. Gorbachev said that "a radical reorganization of economic management" must be approved by the end of the year, and be in place by the end of the decade.

The changes, if enacted without having been水化 by opponents, would constitute the most extensive restructuring of the economy since Stalin forged the present system in the 1930s, with forced Socialist industrialization and collectivization of agriculture.

Mr. Gorbachev's 111-page speech, which opened the first day of the meeting, set the stage for what is likely to be a struggle within the party and government over the next phase of an economic overhaul outlined by Mr. Gorbachev when he took over after the death of Konstantin U. Chernenko.

At the same time, the Soviet leader said that there must be "a radical reform" of the elaborate controlled and subsidized pricing system, in which prices of more than 200,000 commodities and products are fixed by the government.

A White House spokesman declined to comment on the report Thursday night.

The Reagan administration, which opposes a nuclear test ban, has turned down the U.S. group's invitations to take part in the monitoring efforts.

### West German Legislators Vote Themselves a Raise

Reuters

**BONN** — Members of the major parties in the West German parliament ignored pleas from the radical Greens party on Friday and voted themselves salary increases for the second consecutive year.

The 3.25 percent increase raised the monthly salaries of the legislators in Bonn and the West German members of the European Parliament to 8,729 Deutsche marks (\$4,770) from 8,454 DM. They increased their tax-free monthly expense allowance 1.5 percent, to 5,078 DM.

### British Rescue 19 From Ship

*The Associated Press*

**KIRKWALL**, Orkney Islands — All 19 people aboard a West German trawler, the Hessen, were rescued by British aircraft carrier Thursday night after the West German vessel sank in the Pentland Firth channel off the north Scottish coast, the Pentland Coast Guard said.

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**Waldheim**

## Waldheim Says Meeting Boosted His Will to Work

Reuters

**BONN** — President Kurt Waldheim of Austria said Friday that his audience with Pope John Paul II, which was condemned by Jewish groups and by Israel, had boosted his will to continue in his post despite the controversy over his activities as a German officer during World War II.

"This present visit has strengthened me to work on," Mr. Waldheim was quoted as saying in the Saturday editions of *Die Welt* newspaper. "It is quite clear to me that I have to carry out my job as an elected head of state in the interest of my country."

His audience Thursday at the Vatican, in which cheering demonstrators were kept behind police lines was Mr. Waldheim's first foreign visit since his election a year ago amid allegations by Jewish groups that he was involved in Nazi war crimes. Mr. Waldheim denies the charges.

He told the newspaper that the allegations against him had only been mentioned in passing during the audience.

Mr. Waldheim said the pope's attitude on the issue was quite clear. "That is proved by the fact that I visited him," Mr. Waldheim said. "I think the Holy Father is fully aware of the actual circumstances."

He added: "John Paul II said what friendly feelings he harbored toward Austria, and he also expressed approval for my efforts toward world peace."

Mr. Waldheim said he had "a whole string of invitations" from other countries, including a planned visit to Jordan next month.

In Rome on Friday, Mr. Waldheim visited the Chiesa di Santa Maria dell'Anima, an Austrian church near the central Piazza Navona; had lunch with the Grand Master of the Knights of Malta, Fra' Angelo de Moana di Cologna.

He also returned to the Vatican for a private visit to the Teutonic College cultural institute and to the Vatican library, which is run by Cardinal Alfonso Stickler of Austria. He departed Friday night for Vienna.

Meanwhile, Prime Minister Yitzhak Shamir of Israel paid tribute in Jerusalem on Friday to a Portuguese Catholic who sacrificed his diplomatic career to save Jews. Mr. Shamir and the memory of Aristide de Sosa Mendes was a fitting contrast to Thursday's meeting between the pope and Mr. Waldheim.

Mr. Shamir was speaking at a ceremony honoring Sosa Mendes, who was the Portuguese consul general in Bordeaux during World War II. He is credited with saving 10,000 Jews in Nazi-occupied France by granting them visas against orders from his government.

Sosa Mendes was dismissed from the diplomatic service and stripped of his pension rights. He died in 1954 and his name was only recently rehabilitated by the Portuguese government.

Addressing the diplomat's sons, Mr. Shamir said: "I am glad to meet you especially on this day, in view of what happened yesterday in Rome. I welcome the perpetuation of your father's memory. This is the least we could do for him. Blessed be his memory."

Sosa Mendes is officially recognized in Israel as a "Righteous Gentile," a title awarded to non-Jews who helped save Jewish lives during the Nazi period.

Mr. Shamir, whose own family was wiped out by the Nazis in Belorussia, has led a chorus of Jewish criticism against the Vatican meeting.

Four thousand housing units have been completed. And this year, the first seed of bureaucratic life was planted in the future capital. The first two ministries, Trade and Internal Affairs, moved here. Two more of Nigeria's 20 ministries, Finance and Industry, are to move here by the end of the year.

Commodore Abdulahi has vowed to have 75 percent of the ministries here by 1990, the target date for the official transfer of the capital from Lagos.

In March, the Trade Ministry issued a special directive ordering employees lingering in Lagos to move to Abuja or face disciplinary action.

The two hotels here, the Hilton and the Agura, hold the city's only restaurants. Four banks are scheduled to open branches later this year. Meanwhile, the shopping district on Festival Road remains quiet.

With its fresh air and open spaces, Abuja is best suited for people who enjoy outdoor recreation. Under the heading "Places of Interest," a hotel brochure lists two large rocks that mark Abuja's horizon like granite bread loaves, and two game reserves seven hours away by car.

## WORLD BRIEFS

### Rogers Assails U.S. Over Arms Pact

**MONS, Belgium (UPI)** — General Bernard W. Rogers stepped down Friday as NATO military commander with criticism of U.S. behavior over the proposed elimination of medium-range missiles in Europe.

General Rogers spoke at a military ceremony where he formally handed over command of the allied forces in Europe, which he had held for eight years, to General John Galvin of the United States. General Rogers and the West had to be careful that it did not sacrifice its nuclear deterrent for short-term political expediency.

North Atlantic Treaty Organization diplomats said the comment was aimed at the Reagan administration, which General Rogers has accused of stampeding the European allies into accepting a super-power agreement to eliminate medium and shorter-range missiles in Europe.

### 50 Killed in Philippine Plane Crash

**BAGUIO, Philippines (UPI)** — Fifty persons were killed Friday when a Philippine Airlines plane crashed into a mountain shrouded in fog, officials said.

The twin-engine turbo-prop plane Hawker Siddeley 748, with 46 passengers and four crew members, was nearing the end of its 55-minute flight from Manila to the resort of Baguio, 125 miles (200 kilometers) north of Manila, when it crashed into Mount Ugo. The 5,800-foot (1,800-meter) mountain is about nine miles southeast of Baguio.

Eight Japanese and several Americans were among the dead, officials said.

### Libya Link Suspected in Rome Killing

**ROME (Reuters)** — An Arab carrying an Algerian passport was killed in a gun attack here Friday that Interior Minister Oscar Luigi Scalfaro said was believed to be connected with Libya.

Police said two Arabs, carrying pistols and Libyan passports, were arrested in a square near the Vatican, a short distance from where the man was murdered. Police sources said the suspects had told police they were members of "Libyan revolutionary committees."

It is believed that this is a Libyan affair of the sort that has unfortunately occurred before," Mr. Scalfaro said. He did not elaborate. Libyan dissidents living in Rome frequently have been the target of attacks in recent years by supporters of the Libyan leader, Colonel Muammar Gadhafi.

### U.S.-Spain Talks on Bases Stalled

**MADRID (Reuters)** — The United States and Spain ended their sixth round of talks on U.S. troop cuts Friday, apparently with no agreement other than to talk again after the summer. Spain has threatened not to renew a 34-year-old defense agreement unless a reduction of U.S. troops in Spain is agreed to by the end of the year.

"We are working as allies and friends to secure an agreement good for both countries and the security of the alliance as a whole," said the U.S. ambassador, Reginald Bartholomew, referring to NATO. The chief Spanish negotiator, Maximo Cajal, said the talks would resume in September in Madrid.

Diplomatic sources said the main stumbling block remained Spain's insistence on the removal of a U.S. squadron of 72 F-16 fighter planes now based at a base in Torrejon, near Madrid. The United States says the planes are essential for North Atlantic Treaty Organization defense.

### New Charges Lodged Against Barbie

**LYON (Reuters)** — Klaus Barbie was accused Friday of additional crimes against humanity, insuring that the former Lyon Gestapo chief will remain imprisoned no matter what the outcome of his trial, which is scheduled to end next week.

Judicial sources in Lyon said the new charges against Barbie, linking him to the arrest of two French Resistance fighters during World War II, would require another trial. Barbie would remain in custody until the trial, the sources said.

Barbie is accused of arresting, torturing and deporting to Nazi concentration or extermination camps hundreds of Jews and

# Infant Mortality: In Some of America's Inner Cities, the Disturbing Odds Are Growing

By Isabel Wilkerson  
New York Times Service

**DETROIT** — Each year, 250,000 babies are born dangerously underweight in the United States and face a 1 in 10 chance that they will not live to their first birthday.

Ollie Hill's baby is one of them.

Tia Hill was born in an ambulance speeding to a hospital here June 9. She barely weighed four pounds (1.8 kilograms) and spent her first days of life on a heart monitor in an intensive care unit. She has had jaundice, been on antibiotics and gained just four ounces since birth.

Babies like Tia enter the world with dim prospects here in inner-city Detroit, in parts of New York, Chicago, Los Angeles, or any place where there are large numbers of people living in poverty. They are the children of unwanted pregnancies and fractured homes, born to mothers who may not have seen a doctor until they went into labor. These thousands of underdeveloped babies are more likely than other infants to suffer brain hemorrhages, infection, pneumonia or dozens of other life-threatening complications.

The statistics are troubling: The rate of infant deaths nationwide has declined only slightly in the last decade, and despite medical advances enabling doctors to save more babies than ever before, the rate has risen in some cities.

Health experts estimate that in some poor urban neighborhoods, more than 30 of every 1,000 infants die in their first year.

In Detroit, nearly 21 of every 1,000 babies die in the first

year of life. That is the second-highest infant mortality rate in the country, just behind Washington, at 21, and is almost double the national rate, which was 10.8 per thousand in 1984, the last year national figures are available.

Other big cities have rates well above the national average: Chicago, 16.5 deaths; Philadelphia, 15.5; New York, 13; Los Angeles, 11.

Despite medical advances, the mortality rate seems to be on the rise in many cities. In Washington, for example, it has increased from 19.3 deaths in 1983 to 21 the next year. Infant deaths also rose in Cleveland, Milwaukee, Los Angeles and Detroit.

These are citywide figures. In impoverished areas, the rates are even higher. On Chicago's South Side, in central Harlem and in poor neighborhoods in Detroit, Philadelphia, Washington and other cities, as many as 25 to 30 babies die for every 1,000 that are born, health officials say. About twice that many babies die in New York's welfare hotel system.

The United States compares poorly to most other industrialized countries.

A report issued earlier this year by the Children's Defense Fund, a Washington lobbying group that deals with child development issues, said the U.S. rate of 10.8 infant deaths per 1,000 live births was higher than that in the following countries: Finland, Iceland and Japan, 6 per 1,000; Sweden, 7; Denmark, the Netherlands, Norway and Switzerland, 8; Canada, France and Luxembourg, 9; and Australia, Hong Kong, Ireland, Britain and Spain, 10.

Among the worst rates abroad are those for Guatemala and Burma, at 70 per 1,000, and Mexico at 53.

Local governments across the United States are trying new approaches to the problem, with most seeking to make prenatal care more accessible.

The financial costs alone worry health care specialists. The average underweight infant spends about 20 days in

addicted or carriers of acquired immune deficiency syndrome. Others smoke and drink their way through a pregnancy they did not want in the first place. And many have no idea when the baby is due until they get their first contraction and see a doctor for the first time in the emergency room.

Each year, about 300,000 women give birth after little or no prenatal care and their babies account for two-thirds of all infant deaths.

The case of 25-year-old Ollie Hill typifies part of the problem. She was unmarried and unemployed and says she did not have the money for a doctor's visit in her pregnancy.

What are the chances for her baby? One in 15 babies born at her weight — four pounds — die before their first birthday. The odds plummet for those born weighing two pounds or less: three out of four die within the year.

Tia Hill went home after two weeks in the hospital. She weighs four pounds, four ounces and can fit inside a tissue box.

Infant deaths accompany poverty in every region of the United States. In 1985, Greene County, the 66th poorest of Alabama's 67 counties, had nearly 40 infant deaths for every 1,000 births.

In Lee County in South Carolina, where some people have to walk a mile for running water, the rate was 24 deaths. And in parts of New Mexico, where as many as 40 percent of all Native Americans live below the federal poverty level, babies of Navajo Indians die at a rate of more than 15 per 1,000 births.

In New York, health officials say the leading problems among pregnant women are cocaine addiction and AIDS.

In Detroit, hospital officials cite inadequate public transportation in a city of automobiles and freeways as an obstacle to doctor's visits.

And in Los Angeles, city hospitals have been besieged with illegal aliens who arrive in labor so that their babies will be American citizens, said Dr. Irwin A. Silberman, director of maternal health and family planning at the Los Angeles County Department of Health Services.

"We have an extremely large influx of undocumented aliens," he said, "most of whom don't speak English, have had little or no prenatal care and don't have Medicaid for fear it will jeopardize their undiscovered status."

Last month, Mayor Marion S. Barry Jr. of Washington announced measures to cut the infant death rate there. Any woman with a yearly income of \$20,000 or less now qualifies for free prenatal care at public health clinics.

New York City has a telephone line where expectant mothers, in English, Spanish or the French Creole of Haitian immigrants, can make appointments to see a doctor.

Los Angeles offers all pregnant women a package deal for prenatal care: They can pay \$20 a visit for seven appointments at Los Angeles County clinics and get remaining visits free.

But officials say they are unable to solve the deeper problems of indifference and despair that keep many impoverished women from seeing a doctor or taking care of themselves in the first place.

## Marine General Assails U.S. Working Mothers

By George C. Wilson  
Washington Post Service

**WASHINGTON** — General Paul Xavier Kelley, who retires as commander of the U.S. Marine Corps at the end of June, says American mothers who work and send their children to "faceless" centers rather than stay home to care for them are weakening the moral fiber of the United States.

The four-star general also assailed the banning of organized prayer in public schools, an action he said has weakened the moral fiber of American youth.

"I know I'm going to walk in a very, very tender area," General Kelley said during a farewell breakfast with reporters on Thursday, "but I'm going to walk there anyway."

"Fifty percent of the mothers today work. And that means that a number of our children are not getting the kind of upbringing in their home that you and I had. Instead, their moral upbringing is being dictated by some namesless, faceless child-care center. A lot of people aren't going to like that remark, but I'm going to say it anyway."

"And then — you won't like this remark — we took God out of schools."

The general spoke in response to questions about the moral fiber in the Marine Corps, which he has commanded for the past four years. He was asked specifically whether the alleged involvement of marines in espionage activities in Moscow and the initial refusal by Lieutenant Colonel Oliver L. North, a Marine officer, to testify before congressional Iran-contra

investigations indicated a lack of moral fiber in the Marine Corps. The general replied that moral deterioration was nationwide.

"We are approaching in this country the fundamental problem with the moral fiber of the future youth of America," General Kelley said. "We've got an instinct for everything else — we've got an institute for AIDS and all these things — why not have an institute for patriotic values?"

He recommended that a group of U.S. scholars be convened "to examine" the "moral problems of this country" and develop solutions.

"It's there," he said of national moral deterioration. "It's latent. It's sort of waiting to happen. That's philosophical, for what it's worth. But I've thought about it for an awful long time."

General Kelley, 59, grew up in Boston. He graduated from Villanova University and was commissioned a second lieutenant in 1950. He was a decorated battalion commander in Vietnam and became the top-ranking U.S. Marine on July 1, 1981.

He will be succeeded next month by Lieutenant General Alfred M. Gray Jr. The Senate Armed Services Committee recommended him for confirmation on Wednesday.

General Kelley said it was Colonel North's "call" on whether to wear his uniform while appearing before congressional investigators.

"My problem," he said in reference to Colonel North's refusal to testify by invoking his right against self-incrimination, guaranteed by



We are approaching in this country the fundamental problem with the moral fiber of the future youth of America.

— General Paul Kelley,  
Marine commander

## Robertson Hesitates On Finances

By Thomas B. Edsall  
Washington Post Service

**WASHINGTON** — Pat Robertson, the television evangelist, is skipping Federal Election Commission rules and will soon be the only major prospective presidential candidate declining to disclose his campaign finances.

In addition, Mr. Robertson is running into difficulty reaching his goal of collecting three million signatures on a petition supporting his candidacy. After assembling petitions for more than nine months and with less than three months to go before his self-imposed Sept. 17 deadline, he has collected only 800,000 to 900,000 names, according to his campaign manager.

In order to reach the three million goal, Mr. Robertson is abandoning the requirement that the petitions be "signed." Instead, the campaign is setting up volunteer phone banks, and if someone contacted by phone is willing to verbally declare support for Mr. Robertson, his or her name will be added to the petition.

R. Marc Nuttle, the manager, said that Mr. Robertson does not have to file a detailed report of his campaign finances on July 15 — when all the other candidates are expected to do so — because the Robertson campaign is still in the "testing the waters" stage. Mr. Nuttle said Mr. Robertson will disclose his finances if he announces his candidacy in September.

Mr. Robertson has put together a staff of 65 — the largest of any prospective presidential candidate — and he has raised more than \$7 million, second only to Vice President George Bush.

U.S. government rules permit prospective candidates to keep financials secret as long as their activities are restricted solely "to evaluate a potential candidacy," a stage called "testing the waters."

Once a politician develops an organization along the lines of a presidential campaign and raises funds in excess of what could reasonably be expected to be used for exploratory activities," the candidate must begin to make public reports to the commission, according to the rules.

Mr. Nuttle conceded that the decision not to disclose finances is legitimate despite the fund raising and large staff because all of the activities of the Americans for Robertson Committee are devoted to the petition drive, which, according to Mr. Nuttle, a "testing the waters" activity.

Last Sept. 17, Mr. Robertson financed a closed-circuit televised announcement to 216 meeting places across the country when he declared, "If a year from today, three million registered voters have signed petitions telling me that they will pray, that they will work, that they will give toward my election, then I will run."

He predicted that the effort by Southern Democrats to concentrate their state presidential primaries on one day, March 8, would prove to be a "drastic mistake" because "vast numbers of conservative Democrats" could end up casting their ballots in Republican primaries next year.

He predicted that the effort by Southern Democrats to concentrate their state presidential primaries on one day, March 8, would prove to be a "drastic mistake" because "vast numbers of conservative Democrats" could end up casting their ballots in Republican primaries next year.

The Republican Party is going to have a much more conservative slate of candidates on the ballot than the Democrats will, "Mr. Fahrenkopf said. He said the Democratic primaries would be dominated by blacks "voting almost monolithically" for the Reverend Jesse L. Jackson, and by more liberal Southerners, who, he said, are out of step with national sentiment.

He said the national committee would assist Southern state parties in developing programs to entice Democrats to vote for Republican presidential candidate.

Eight Southern and border states — Alabama, Arkansas, Georgia, Mississippi, Missouri, Tennessee, Texas and Virginia — either do not

have registration by party or have



## Republicans Link Drop In Funds to Iran Affair

By E.J. Dionne Jr.  
New York Times Service

state laws that would permit nominal Democrats to vote in Republican primaries.

Mr. Fahrenkopf and other Republicans said that despite the decline in contributions, the party was still strong financially.

It expected contributions of \$17.4 million for the first half of this year and anticipated a total of about \$35.1 million by year's end, according to Terry Wade, the national committee's director of communications.

But Mr. Wade said the party originally had counted on \$38 million in contributions this year and as a result would have to trim some programs.

He was accused in 1971 of having deliberately promoted an easy money policy at the Fed in an effort to assist Mr. Nixon's re-election, a charge he denied.

With his omnipotent pipe, his shock of unruly silver hair and his deliberate and cautious manner of speech, Mr. Burns appeared every inch the university professor. He was once characterized as the slowest-talking and fastest-thinking in Washington.

As an economist he was a pioneer in the study and theory of business cycles. While he doubted that economic fluctuations could ever be eliminated, he did believe that they could be held within tolerable limits.

He opposed large expansions or contractions in the money supply, and he believed that economic trends could be forecast by studying such basic indicators as construction starts and stock prices.

He was a conservative who also believed that the federal government should act as an employer of last resort, and he opposed taxing any income under \$3,500. "Why tax poverty?" was his reasoning.

He was born Arthur Frank Burns in Stanslaus, a part of Austria-Hungary that is now in the Soviet Union.

He tried to meet regularly with groups of young Germans, and he acted as a private and unofficial adviser to Chancellor Helmut Schmidt.

The West German press referred to him more than once as "that great old man of American policies."

Ukraine, and moved to the United States when he was 10. He grew up in Bayonne, New Jersey, where his father operated a painting business.

He won a scholarship to Columbia University and worked as a house painter, waiter, shoe salesman, postal clerk and seaman to pay for his room and board.

After a series of university and government jobs, Mr. Burns served as chairman of the Council of Economic Advisors under President Eisenhower. He was credited with transforming the council into a kind of economic general staff for the White House.

Two years later Mr. Nixon named him to the first of two four-year terms as chairman of the Federal Reserve.

Mr. Burns still had six years remaining on his original 14-year appointment as a member of the Fed board when Mr. Carter declined in 1978 to reappoint him as chairman, but he opted to leave the panel.

During his four years as Mr. Reagan's ambassador to Bonn, Mr. Burns was as blunt and outspoken as ever.

"You're called a diplomat if you confront facts vaguely or obliquely," he said in a newspaper interview. "That has become the meaning of the word, and I think it's awful."

Before various West German audiences, Mr. Burns discussed the possibility of a U.S. military withdrawal from West Germany, expressed concern about young Germans' unfamiliarity with U.S. affairs and their own national history, and said he was disappointed by Bonn's hesitant backing of U.S. policy in El Salvador and its reserved reaction to repression in Poland.

He tried to meet regularly with groups of young Germans, and he acted as a private and unofficial adviser to Chancellor Helmut Schmidt.

The West German press referred to him more than once as "that great old man of American policies."

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**TWIN BILL** — The twins Don Shaw, left, and Ron Shaw look after their newborns. The twins married twin sisters, Dawn and Shauna, seven years ago in a double ceremony. Both women delivered within hours of each other but neither had twins.

### Black Players Draw Unwitting Racial Slurs

Larry Bird of the Boston Celtics is a fine basketball player who happens to be white, writes Rhonda Lamar Ponder in The New York Times, and it is not Mr. Bird's fault that "what one hears on television and reads in the newspapers is that Larry Bird's skill rests on 'intelligence' and 'hard work,' whereas a black player's skill is something 'natural,' unconscious, God-given."

Mr. Ponder, a professor of constitutional law at the City College of New York, quotes Isaiah Thomas, a guard for the Detroit Pistons, on how black players are described in the media: "When Bird makes a great play, it's due to his thinking and his work habits. It's not the case for blacks. All we do is run and jump. We never practice or give a thought to how we play. It's like I came dribbling out of my mother's womb."

Mr. Ponder resumes: "Take, for example, the vocabulary of sports announcers. Black people with any sense of pride must watch TV sports with a resilient spirit or with the sound turned down."

In a recent game on television, "the word 'nigger'" was used only once, and then in reference to Bird," he continued: "Only Bird, it was suggested, knew how and when to stop, fake and shoot. As for the black players, they were 'wondrous to

watch' because of their 'great athletic abilities.' They had, we were told, the 'natural edge.' Their shots were 'easy,' their movements 'acrobatic.' Laudatory words — but also words that perpetuate a stereotype."

The writer concluded, "Coverage of all sports, especially basketball, must become more incisive, analytical and nonracist."

**Short Takes**

The validity of the Scholastic Aptitude Test (SAT) is being increasingly questioned. Middlebury College in Vermont and Union College in New York said this spring that they would no longer require applicants to take the SAT, a staple in college admissions for five decades. As well as high school grades and that it gives an advantage to students whose families can afford high-priced

# INTERNATIONAL HERALD TRIBUNE

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## A Sad Day at the Vatican

Pope John Paul II is a virtuoso at sending subtle signals. Consider the distance and disapproval he managed to convey in his recent meeting with Chile's dictator, General Augusto Pinochet. But the pontiff's subtlety deserted him Thursday at the Vatican when he welcomed Kurt Waldheim — with praise for past good works and not so much as a frown about the darker past that Austria's president has struggled to hide.

The pope's agreement to the Waldheim visit caused consternation and pain, some of which quickly boiled up into overwrought oratory. This pope, who lived through the occupation of Poland, needs no instruction in the horrors of Nazism. This pope, the first to visit a synagogue, has worked sensitively to heal ancient wounds. Fairness suggested waiting to hear his balancing remarks.

There were none; only praise for Kurt Waldheim, peacemaker. The effect is to slight all the victims of Hitler's war. In his years as United Nations secretary-general, Mr. Waldheim surprised his staff with his thirst for ceremonial honors. Then he surprised the world when it turned out that he had, denial notwithstanding, served in a Balkan regiment that was implicated in grisly war crimes. An Austrian magazine exposed the truth when he was

running for president. After winning, he found himself unwelcome as an official visitor anywhere in the democratic West.

To end his isolation, he evidently begged an invitation from the Holy See. The Vatican minimized the visit as a courtesy to the chief of a predominantly Roman Catholic state. That seemed reasonable: John Paul has also accorded audiences to communists, terrorists and fascists.

But surely this was an appropriate time to recall the horrors of the Nazi years, as he did on his visit to West Germany only last month. There were a hundred calibrated ways to put space between his church and his impounding visitor. That the pope chose none prompts questions and sadness.

The name Waldheim is on a watch list of prohibited visitors to the United States because he concealed his war record. Those who know him insist that this lover of ceremony will never resign. No doubt he will now knock on other doors, seeking legitimization. Whether he is shunned or admitted, the angry arguments and demonstrations will go on. The reputations of Austria, and now the Vatican, are already tarnished by this former lieutenant who has forgotten much, and learned little.

—THE NEW YORK TIMES.

## BIGGEST DEBT GETS WORSE

By the end of 1985, the United States had run up a foreign debt larger than Brazil's. By the end of 1986, that foreign debt was larger than those of Brazil, Mexico and Argentina put together.

The trade deficit generates this debt, and a big trade deficit pushes it up fast. The Commerce Department published figures this week showing that the country's total foreign debt, public and private, came to \$264 billion last Dec. 31. That figure, as the department's economists pointed out, is not a precise count but a rough estimate — and, you should be aware, a deliberately conservative one. It does not take account of the inflows of foreign money that escape the statistical counting systems; the evidence suggests that these inflows have grown large over the past decade. How large? A reasonable estimate of the accumulated uncounted debt over that decade might be around \$90 billion. And in the six months since the beginning of the year, the continuing trade deficit has added another \$70 billion or so of debt. That suggests a current total U.S. foreign debt of about \$420 billion.

Latin debts are mostly in the form of loans owed to banks in the United States, Europe and Japan. The U.S. foreign debt is the difference between American investments

abroad — just over a trillion dollars, the Commerce Department says — and the \$1.3-trillion that foreigners have put in the United States. Some of that foreign investment has gone into long-term direct investment, such as building factories and buying companies. But most of it, more than \$850 billion, is in the form of bank deposits and securities. It can be moved easily, and it is sensitive to market interest rates.

It's already putting constraints on U.S. economic policy. If the United States were to slide toward a recession, one traditional remedy would be to drop interest rates. But to keep financing its trade deficit and to keep those invested billions of foreigners' dollars from fleeing, it now has to hold its interest rates up. In the next recession the Federal Reserve Board will have far less flexibility than in the last one.

This rising debt is an erosion of national control and power. It has all happened under this president. When Mr. Reagan came to office, the United States was the world's biggest creditor. The trade deficit started in 1982, and now the debt is swelling beyond anything in the world's experience. What's Mr. Reagan going to do about it? He's going to leave it, apparently, to his successor.

—THE WASHINGTON POST.

## Trade: It's Good, and Bad

At last! The 40 percent decline in the dollar is finally evident in improved trade statistics. That's the good news. But without further painful actions, the present \$160 billion trade deficit will level off in a few years at about \$100 billion. At that point, Washington, Bonn and Tokyo will still have to make all of the unpleasant economic decisions they've been putting off for a decade — above all, to act on the reality that the world is one economy.

What a difference a cheaper dollar can make: American manufacturers who were barely hanging on through the dark days of 1982-83 are now cost competitive at home and abroad. With Congress debating fiercely protectionist legislation, the encouraging trade news couldn't have come at a better time. A competitive exchange rate won't bring back the good old days for labor-intensive industries that can't match costs in, say, Mexico or China. But anyone who recognizes that the United States gains from open trade can now point to the success of mainstream American producers.

Now for the bad news. The latest, "favorable" projections of American trade prospects hardly signal the end of U.S. problems. A decade ago, a deficit of \$10 billion or \$20 billion was considered unsustainable. Today, despite the fact that American producers can hold their own with foreign competitors at current exchange rates, few analysts expect the trade deficit to fall much below \$100 billion. Reagan administration analysts attribute this chronic imbalance to the unwillingness of Japan and West Germany to stimulate their economies, diverting into domestic

consumption some of the goods flowing to America. The surplus nations respond that it takes two to make a trade deficit. They want Washington to balance the budget, and they want Americans to save enough to supply the needs of both government and industry. Then there would be no excess demand for imported goods.

Both sides are right. The larger truth is that Americans are absorbing too much of their output and their trade partners too little. The coincidence of this profligacy and their obsession with exports allowed the imbalance to balloon without creating sufficient corrective pressures.

Private investors have forced the issue by refusing to hold dollar at the inflated value set in the Reagan administration's palmy days. But their refusal has yet to compel leaders to face up to economic realities. If Japan and Germany don't soon stimulate their economies while America tightens its belt, the dollar will have to take another tumble to induce investors to hold their assets in this currency. That will further disrupt trade and capital flows, most likely tipping an already steady world economy into serious recession.

Even if the economic powers muddle through this time, the world is hardly home free. Successful development will inevitably increase the number of economic players and increase interdependence. Just how political leaders will cope with the loss of economic sovereignty is unclear. What is clear is that the impending modest decline in the U.S. trade deficit is no substitute for tough policy decisions and coordinating national policies.

—THE NEW YORK TIMES.

## Other Comment

### More Smut in Washington

Several nasty little piles of personal dung briefly disgraced Britain's election campaign. A number of libel writs were issued; some still await resolution. But no one, at the end of the day, could truly say that any of the dirt mattered a damn. Which is as it should be.

But beware of complacency. We had, by common consent, the closest simulation of an American campaign ever. And the campaign now being waged in America is setting new records for dotty morality. Last month we bade farewell to Gary Hart. This week — in a development of stunning unlikelihood — it is Vice President George Bush who is denouncing his Republican rival, Bob Dole, for spreading somewhat misty tales of extramarital infidelity. There's a comic side to these

cavortions: Mr. Bush has saddled himself, over six years, with an image of henpecked boredom. But there is also potential blackness to the farce. If the smears, wherever they come from, in any respect found to have substance, then a smirking Washington will swiftly don its mask of prurient outrage and burn Mr. Bush's last chances of re-election. That's pretty, and hypocritical to boot.

Very few personal — which means human — lives can withstand the minute by minute scrutiny that running for president entails. More and more wholly qualified Americans are declining to submit themselves and their families to the ordeal of seeking high office. Is this what Moral Majority wants? Are these the standards which go with election to the highest office in the Western world?

—The Guardian (London).

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Editor for Asia: Michael Richardson, 5 Connaught Rd, Singapore 0311. Tel: 472-7768. Telex: RS34928 Managing Dir. Asia: Malcolm Glenn, 63 Long Acre, London WC2. Tel: 836-4802. Telex: 261099 Gen. Mgr. W. Germany: Walter Mackintosh, 15,000 Frankfurt/M. Tel: (069) 26-355. Telex: 416753 FRS U.S.: Michael Conn, 359 Third Ave., New York, N.Y. 10022. Tel: (212) 53-3890. Telex: 427-773 S.A.: au capital de 1,200,000 F. RCS Nanterre B 33021126. Commission Paritaire No 61337. © 1987, International Herald Tribune. All rights reserved. ISSN: 0394-8052.



## The Contra Follies Are Still Playing in Washington

By Flora Lewis

PARIS — Attempts to force some clarity on whether a chance exists for a political settlement in Central America are stumbling again. Evidence points to another muted fight between U.S. Secretary of State George Shultz and the National Security Council, the NSC, despite the change in White House advisers.

The focus is the plan of President Oscar Arias Sanchez of Costa Rica,

which calls for cease-fires in the region, an end to all foreign military aid and free elections with full political guarantees. Europeans and most Latin American states support the Arias plan. Officially, so does the United States, but . . .

Mr. Arias was called to see President Ronald Reagan last week in a meeting with six senior advisers from the White House and the State Department. Afterward, a report apparently issued by someone on the White House said that Mr. Reagan strongly criticized the plan. There were different versions, both from the State Department and Mr. Arias, reached by telephone in San José.

Mr. Arias said that Mr. Reagan had expressed support for the plan but wanted some "loopholes" corrected. He said that Mr. Reagan did not discuss details, and that he felt encouraged because the U.S. president "listened a lot" and said little. Privately, a State Department official criticized the White House version as being too negative. A meeting of the five Central American presidents, scheduled for this month in Guatemala, has been put off until Aug. 6 at the request of El Salvador's president, José Napoleón Duarte, but was not postponed indefinitely, as first claimed in Washington.

Mr. Arias is pushing for the meeting as a way of putting Daniel Ortega Saavedra, the Sandinista leader, to a straightforward test: Will he make serious political concessions to end what has become the United States's proxy war? Mr. Ortega had used the excuse of the delay, which he claimed was at U.S. insistence, to say he wouldn't come in August. This week, Mr. Ortega said he would be at the meeting.

Meanwhile, the State Department has been fighting the White House over the appointment of a new U.S. ambassador to Nicaragua. Harry Bergold, the veteran career ambassador, wants to leave by July, and was to be replaced by Mary Mochary, a Republican former mayor of Montclair, New Jersey, who has no background for the job and does not speak Spanish. It has been settled that a Foreign Service officer will go, but it is still in dispute as to who.

What really seems to be going on, beneath the word games, is an argument over whether to give diplomacy a real try or whether the United States should keep the war going by hook or crook until the Sandinists collapse. A key figure is José Soriano, Latin American expert on the NSC. He was formerly head of the Cuban-American Foundation, a right-wing organization of Cuban émigrés that is building a well-funded, vocal lobby reminiscent of the China lobby of the 1950s.

He is said to have been named to the NSC at the insistence of former UN Ambassador Jeane Kirkpatrick;

## South Korea's a Prisoner Of Its Own Rapid Success

By Michael Robinson

SEOUL — Americans, snug in a 200-year tradition of stable politics, often wonder why upwardly mobile and highly educated societies like that in South Korea cannot find a mechanism for orderly dialogue and political give-and-take. We are baffled by the black-and-white character of South Korean politics, the seemingly total absence of "fair play." Yet, in the last 80 years, Korea has had to endure brutal colonization marked by economic exploitation, impoverishment and a catastrophic civil war. Catching its breath under U.S. political domination in the 1950s, South Korea plunged after 1960 into a sustained and rapid economic development that has fundamentally altered the way in which South Koreans live and work.

We are accustomed to thinking that as non-Western societies "mod-

ernize" they become more like ours. But while in the West the transition from farm to factory, village to city, was managed in roughly 200 years, the people in what is now South Korea have accomplished this feat in fewer than 50 years. Indeed, the government has been happy to tout the accomplishments as a miracle and, given the widespread enthusiasm for the Korean model of economic development among World economists, it seems that message has been received.

Yet the South Koreans are not prisoners of their own success. No one only demands for open access to Korean markets being made by others but pressure is rising in broader circles for the South Korean political system to more closely approximate the more ideal world standards for democracy and basic human rights.

The economic growth that has seen South Korea rise from a war devastated, underdeveloped nation to a rapidly industrializing country with a substantial middle class, with family income in the \$10,000 range has semi-aspirations soaring. Although a college education is expensive, costing the equivalent of \$2,500 to \$3,500 a year, families scrim and pool their money to have a child obtain a higher education. The number of universities and the student population, representing a postwar "baby boom" in South Korea, have mushroomed in the last 10 years.

### South Korea has done in 50 years what took 200 in the West.

There are more than 100 institutions of higher education and hundreds of thousands of students, and their effect is magnified because they are concentrated in the national and provincial capitals.

Although labor, which has suffered from the government's policy of suppressing wages, has been part of the opposition movement, it is the students who form the vanguard in the current demands for reform and democratization. Idealistic and spirited in the same vein are the American student participants in the civil rights movement of the 1960s. South Korean students find the prospect of becoming well-paid businessmen and bureaucrats no longer enough. In a highly literate country in which the censored, captive press has been looking on as a joke, they are demanding an end to militaristic authoritarianism and a voice in shaping the future, especially since it will take a further economic surge for them to obtain middle-class status.

That was written by John Stuart Mill in 1859. It describes what Mr. Gorbachev faces as he tries to persuade the Politburo to adopt his economic reform package at this week's Central Committee plenum. His chances do not seem good.

The problem is that the interest of the bureaucracy and the deeply rooted planning system conflict with Mr. Gorbachev's far-reaching reforms. Efforts to modernize Russia are not new, and Mr. Gorbachev is not alone in wanting to do away with central planning.

As one observer put it: "The czar himself is powerless against the bureaucratic body. He can send any one of them to Siberia, but he cannot

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## Protesters Throw Rocks At President Of Brazil

*Compiled by Our Staff from Dispatches*

RIO DE JANEIRO — President José Sarney narrowly escaped injury from rock-throwing protesters Thursday night, and the police requestioned television tapes and press photographs on Friday hoping to identify the assailants.

The protest against Mr. Sarney's economic austerity programs was one of the most violent demonstrations of his two-year presidency.

Witnesses said he narrowly missed being hit when the presidential bus, surrounded by chanting demonstrators, was attacked with stones and a man broke the window beside Mr. Sarney.

His son-in-law and close adviser, Jorge Murad, was slightly injured by splinters from another window hit by a stone.

About 1,000 people, shouting "Sarney Get Out!" and "Direct Elections Now!" surrounded the president's bus as he left an art exhibition at the former imperial palace Thursday night.

Most of the 500 to 1,000 demonstrators shouted slogans calling for an early presidential election and condemning economic policies that reduce the value of wages. One slogan compared Mr. Sarney with Chile's president, General Augusto Pinochet.

Reporters said demonstrators apparently belonged to leftist political groups and to unions engaged in wage disputes.

The *Estado de São Paulo* newspaper called it the "most violent popular demonstration against a president of the republic since 1979" when General Joao Figueiredo was ousted and hit in the street.

Mr. Sarney took office in March 1981 as the first civilian president after 21 years of military rule, but he was not popularly elected. He was put in power in a 1984 electoral college election coordinated by the outgoing military government.

He has refused calls by opponents to stand down early and allow a direct presidential election next year.

Mr. Sarney's popularity has plunged following the failure of an anti-inflation program last year. A new economic plan limiting wage and price increases has been sharply criticized by labor groups.

(UPI, AP)

## UFOs Cited In Pentagon Documents

*Reuters*

WASHINGTON — A group that monitors reports of UFOs has made public Pentagon documents that report sightings of unidentified flying objects by soldiers at military bases in the United States.

Dale Goudie, president of the UFO Information Service in Seattle, said Thursday that the Defense Department documents were provided to him under the Freedom of Information Act.

Mr. Goudie, an advertising consultant, suggested that the U.S. government was covering up what it knew about UFOs to avoid causing panic.

Skeptics such as Philip Klase, who has long debunked reports of UFO sightings, said this past week that documents obtained by Mr. Goudie and others are not definitive evidence that space aliens exist.

One U.S. Air Force document, dated Sept. 9, 1980, describes a sighting of UFOs the previous month by security guards at Kirtland Air Force Base in New Mexico.

It said three guards, interviewed separately, described an "unidentified light in the air" or a "disc-shaped object" that swooped over weapons storage area just before midnight on Aug. 8, 1980.

It "traveled with great speed and stopped suddenly in the sky," the report said.

The document continued: "The three first thought the object was a helicopter, however, after observing the strange aerial maneuvers (stop and go), they felt a helicopter couldn't have performed such skills."

## KOREA: Demonstrators Rampage

*(Continued from Page 1)*

protests, which were organized by a federation of anti-government forces called the National Coalition for a Democratic Constitution. It is a federation of politicians, church leaders, students, laborers and other anti-government forces away middle-class supporters.

For example, thousands of protesters gathered near the East Gate Market, most of them laborers and students. Some picked up stones to hurl at riot police, only to have them knocked out of their hands by group leaders.

If East Gate showed a measure of order, South Gate and the nearby Seoul Station, several miles west, were scenes of pitched battles between youths hurling rocks and police officers who brought in armored car that fired tear-gas canisters into the crowds.

Politicians like Kim Dae Jung and Kim Young Sam, while important, have limited control over the unit, have been met



## COURT: Powell Is Retiring

*(Continued from Page 1)*

country owed him "a great debt" for his long service on the court.

Mr. Reagan also issued a statement saying he would soon nominate a replacement for Justice Powell so the court would begin the next term "at full strength."

Mr. Reagan said Justice Powell has had "a wise and generous influence" on the law and has earned "a reputation for intellectual depth and fair-mindedness."

"He is known for his courtesy and courtesy and in truly a justice's justice," the president said.

Mr. Reagan said the responsibility for nominating a successor to Justice Powell was "one of the most significant duties of my office."

The White House chief of staff, Howard H. Baker Jr., said the list of prospective candidates for the high court nomination is "not a big list." High in the running are Robert H. Bork, a Washington federal appeals court judge; Senator Orrin G. Hatch, Republican of Utah; and J. Clifford Wallace, a California federal appeals court judge.

Conservatives were elated by the news of Justice Powell's retirement. "This is the last chance Ronald Reagan has to leave his mark on the Supreme Court," said Daniel J. Poven, head of the Washington Legal Foundation. He said Mr. Reagan would have "a tremendous opportunity if few presidents have" to shape the future of the court far beyond his term.

Liberals were shocked and dismayed. Marsha Levick, executive director of the Legal Defense Fund of the National Organization for Women, called the news "devastating."

"Today is one of my worst moments," Justice Powell said in announcing his retirement. "I leave the court with a great deal of sadness."

At times, however, the Constellation will have to move away, either to restock supplies or make brief port calls to allow its crew to rest.

The sources explained that the giant battleship could stand off from the Strait of Hormuz and still have Iran's Silkworm missiles within the 25-mile (40-kilometer) range of its 16-inch guns.

"If we didn't have the battle-ships, we would eventually need two carriers up there instead of one," added one source. "The Missouri will provide us precisely the flexibility we need."

■ **Search for Replacement**

Mr. Baker, the White House chief of staff, said Mr. Reagan probably would not begin considering a successor to Mr. Powell until Monday, The Associated Press reported Friday.

Mr. Baker, a former Senate majority leader, said he was not interested in the job.

Another name mentioned as a candidate to replace Justice Powell is Richard Posner, a federal appeals court judge in Chicago.

The possible nomination of Mr. Goudie has a hitch. The U.S. Constitution says no member of Congress during the term for which he was elected shall be named to any office "the emoluments whereof shall have been increased" during his term.

That language suggests that Mr. Hatch, a member of the Senate in February when Congress gave judges a \$6,000 salary increase, to \$110,000 a year, would be ineligible for a seat on the Supreme Court before 1989, when his term ends.

Mr. Hatch, when asked if he would accept the appointment should it be offered, replied, "They won't."

## BELGRADE: Braced for Crises

*(Continued from Page 1)*

"We will get the necessary measures through parliament," said Oskar Kovac, former economics dean at Belgrade University and now minister without portfolio dealing with economic relations with the West. "But implementation remains a problem. In the United States, federal law is matched by federal powers to carry it out. Not so here."

"Yugoslavia has never defaulted on its debt," a senior Western diplomat said. "That record is good, but economic performance continues to be very shaky, and the stabilization program is being implemented."

Prime Minister Branko Mikulic, who took charge of the government last year, has not established himself as a federal leader who can seize as much political power and national standing as the fragmented system allows.

Diplomats judge him negatively for not going before the nation earlier this year, when a rash of wage increases was threatening to destroy the chances for economic stability and rally support. In fact, he diminished the government's standing when at the same time top officials were accorded substantial raises. A wave of strikes followed.

"Of course there will be strikes again after June 30," Mr. Kovac said. But most analysts contend that months will pass before the republics and provinces provoke protests by closing down enter-



Prime Minister Mikulic has not established himself as a leader who can seize as much political power as the system allows.



Branko Mikulic

prises with balance sheets so negative that central authorities demand bankruptcy proceedings.

"The republics don't have a way of prolonging the concern," Mr. Kovacevic said. "Don't try to save someone already lost." But he added, "It will not be simple to liquidate them."

To Yugoslav economic leaders and officials of the more prosperous north, whose subsidies maintain the deficit-ridden republics of Montenegro, Macedonia and Bosnia-Herzegovina and Kosovo Province, the elimination of chronic losers is only part of what is needed.

With surprising unanimity in a nation that has a Communist, one-party system, such leaders call for freeing of the economy from state interference and restrictions.

"We need more initiative and less interference," said Stanislav Valant, executive vice president of Ljubljana's Banca. "The country needs deregulation, not more regulations."

"Bureaucrats in offices have too much say," the banker continued. "Local authorities are a basic impediment. The lack of managers is obvious. It used to be a kind of sin to be a good manager. Decisions are made on so many levels that no one is ultimately responsible."

But few Yugoslavs would like to see the fragmented power united in the hands of a strong federal government. "The local bodies should give their authority not to the federal government but to the economy," Mr. Valant said.

The protesters, who were directed by police to a park, arrived as the Central Committee of Yugoslavia's ruling Communist Party prepared to hold its first full meeting on Kosovo.

The two-day meeting is expected to approve measures intended to reduce tension between ethnic Albanians, who make up 85 percent of Kosovo's population, and the Serbs and Montenegrins.

According to official figures, 22,307 people not of Albanian origin have left Kosovo since rioting broke out there in 1981. During those disturbances, radical Albanians demanded greater autonomy and some pressed for a separate republic of Kosovo.

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## ARTS / LEISURE

# Mixed Sale of Impressionists

**P**ARIS—It is not every day that the market offers an opportunity to find out what happens to small or unobtrusive works by the best Impressionists and Modern Masters while heavyweights are the object of intense competition from international dealers. The two categories tend to be physically separated.

**SOUREN MELIKIAN**

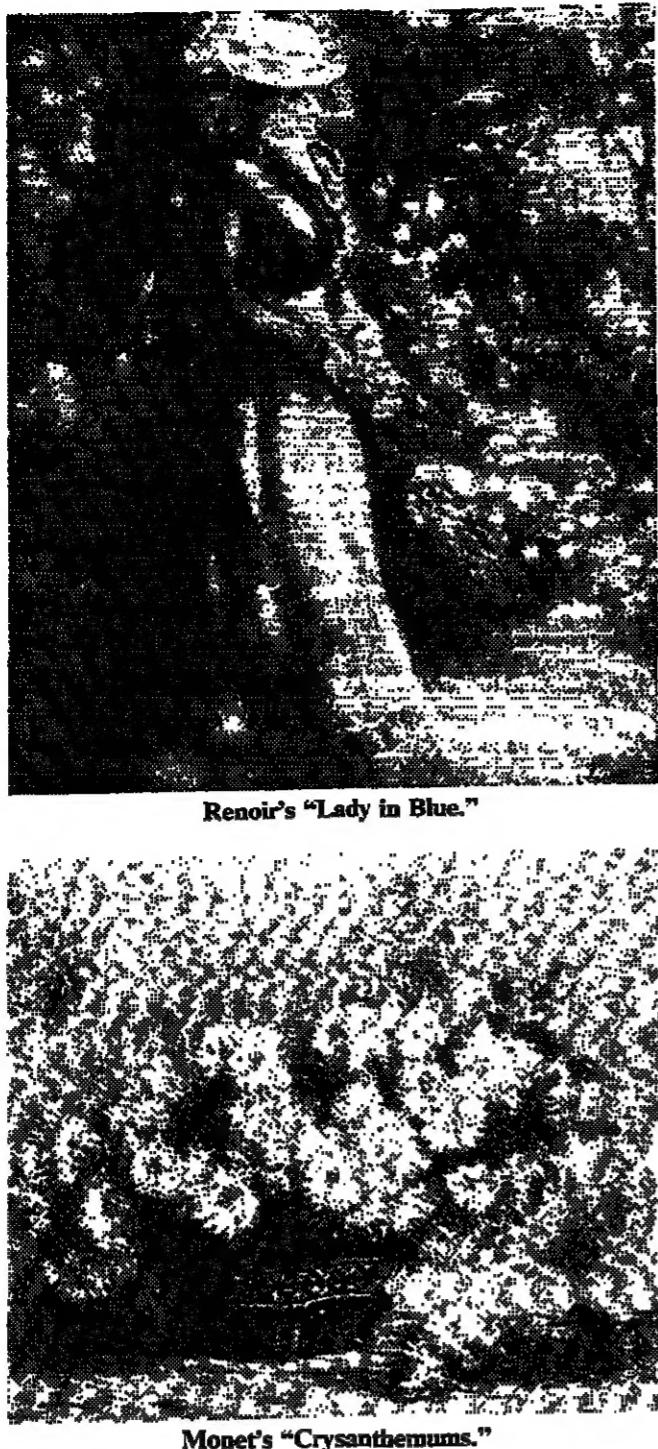
rated in London and New York, where you would be unlikely to see a \$1.5-million Monet still life and a \$6,700 pastel portrait by Eugène Carrière selling within 30 minutes of each other in the same room.

That is what happened Tuesday night at a sale conducted at Drouot by the auctioneering group Michel Boscher and William Stauder. The entire sale, only 24 lots, included two substantial paintings—the 15,180-franc Monet is now the most expensive picture ever sold at a French auction—and very little else. Several of the fillers were so downmarket they would never be entered in the same catalogue as the Monet in London or New York.

Lot 1, a self-portrait by Charles Camoin done around 1905, shows the bearded artist breaking into a Mephistophelian grin. It bears no relationship to his grave work and, for all it is worth, did well to reach 27,050 francs. But it was hardly suitable company for the Sisley and the Monet that came at the end.

Nor were the next two pictures, even though they were interesting in themselves. Carrière is one of the most curious cases in French painting of the last three decades of the 19th century, covering the rise and decline of Impressionism. Trained in that arch-academic bastion, the Ecole des Beaux-Arts, and later admitted into the studio of Alexandre Cabanel, who represents the epitome of Art Pompier, Carrière remained unaffected by his conventional background. He devised his own idiosyncratic manner, characterized by hazy figures emerging out of a monochrome, often brownish, mist. One of these on the theme of motherhood, much beloved by him, was sold for a mere 27,841 francs.

It was followed by an attractive



Monet's "Crysanthemums."

pastel portrait of a woman in a manner that is considerably rarer. Her head tilted three-quarters with the shadow of a smile on her closed lips, she looks at the viewer with a mixture of reserve and faint irony. A very subtle color scheme adds to the intensely poetic feeling of the portrait, which seems to be seen through a film of imperceptible dust touched by light. At 40,296 francs, it could not have been much cheaper.

Then came a mildly Pointillist portrait by the little-known Ernest Laurent, 24,558 francs, two vaguely sexy portraits by Jean-Gabriel Domergue, of the kind he repeated ad nauseam (sold for 54,389 and 49,292 francs) and a couple of Matisse drawings of no great consequence, both failing to sell. This was not much of a warmup.

Yet, the minute the big names came up, the needle of the barometer swung wildly. One was Sisley, represented by a view of Saint-Mammès sur le Loing done in 1883. The 46-by-55-centimeter (18-by-21.5-inch) landscape has a vibrant luminosity that makes it one of the most appealing works by the artist recently seen at auction. It sailed gracefully to 3,304,000 francs despite its small format. The price is as good as it might have been in New York. So was that of Monet's 15,180-franc still life of chrysanthemums in a basket dated 1878. That went to David Nehmad, who commutes between Switzerland, Paris and New York and was acting on behalf of a client whose name he did not disclose.

Remarkably, the congregation of international buyers attracted that day to Drouot by the Monet made no difference to the prices of some attractive lots of relatively minor importance in another sale earlier in the afternoon. Three auctioneering groups—Renaud, Gros and Delteil, and Rieunier and Bally-Pommery—had pooled resources in a common catalogue. An exquisite small pastel by Boudin showing sailing boats in a gale was sold for only 50,404 francs. It is illustrated in the catalogue but, its quality, which lies entirely in the color balance, is lost in black and white. The foxing makes it look worse in the reproduction. It takes a profession-



Alfred Sisley: "Paysage de Saint-Mammès sur le Loing."

al eye to know that the stains can be removed without trouble. This will no doubt resurface sooner or later at a much higher price.

Another delightful lot was the sketch under a tree by Pissarro. The silhouette outlined in black pencil reveals to the full the artist's brilliant draftsmanship. It is a counsieur's item and went for a mere 43,693 francs, barely reflecting the inflationary push on the more conspicuous aspects of Impressionism.

But even strong colors failed to attract attention to works falling outside the categories on which hype has been concentrating. The sale included a most interesting landscape by Armand Guillaumin, one of the earliest members of the Impressionist group. He painted in a manner consistently different

from Monet, Renoir or Pissarro, using bold, contrasted colors, with a sketchy brushwork, but none of the misty, blurred effect of the others. The reds, mauves, purples, and turquoise blues that set ablaze this view of rocky promontories at Agay boosted it far above the 197,123 francs it cost that day to acquire the 60-by-73-centimeter picture. It will probably be resold in the United States at three times the price, but even that will be peanuts.

The trend was more marked still on Thursday when the group Adarc-Tajan followed up with its own sale of Impressionist and Modern Masters. Jean Louis Picard, holding the hammer, extracted enormous prices for anything carrying a famous name. One of

for color and composition, was cheap at 157,109 francs, and a wonderful large landscape by Émile Boggio dated October 1917, "Le Moulin de Pétrigny," was given away at 55,480 francs. South American buyers, usually receptive to Boggio's work, expressed no interest.

One of Boudin's finest landscapes, dated 1865, found no buyer at 369,000 francs. The wide vista in shades of gray, mauve ochre and orange for the sunset light, is in the Romantic mood preceding the Houtier style and, as Picard reluctantly noted, "no one wants this." That is about the most devastating comment anyone could make on the new buyers otherwise free with their money.

## Facts About N.Y. Movie Houses

By Andrew L. Yarrow  
New York Times Service

**N**EW YORK—When waiting in New York's seemingly interminable movie lines, it may seem hard to believe that the city, America's No. 1 film market, has about 175,000 seats in its 300 or so cinemas. Yet, as any cinephile will attest, moviegoing is not what it used to be.

Theaters generally have become smaller and decidedly less glamorous. Ticket prices have gone up 12,000 percent since the turn of the century, and some multiplexed auditoriums feel no more spacious than Manhattan studio apartments.

What follows is a selection of facts about New York's movie theaters present and past.

• The largest indoor movie theater ever built is the Art Deco behemoth, Radio City Music Hall (1932). Rosy Rothafel, who also built Radio City, claimed that it had 6,200 seats, but it is said that he counted the beaches in the lobby, stools in the elevators and chairs in the restrooms. The theater, which now presents concerts and various theatrical ventures, has 5,884 seats.

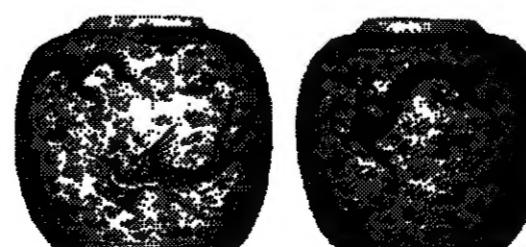
The fate of most of New York's grand movie palaces reads like an architectural obituary page. Nearly 20 once-opulent megateatres—constructed between 1910 and 1932 and ranging in size from 2,300 to 5,200 seats—have either closed or been razed.

Some of the more notable casualties have been the Capitol (1919; 5,230 seats), which became a Cinema theater in the 1950's; the Paramount (1926; 3,664 seats), which occupied the still-standing Paramount Building in Times Square, and Proctor's 86th Street (1927; 3,131 seats), which was replaced by the now-defunct Gimbel's store.

One of the grandest old movie houses still showing films in New York is Loew's Paradise (1929; 3,884 seats), 2412 Grand Concourse, at Fordham Road, in the Bronx. Although it is divided into four theaters, its marble, statuary and ersatz-cloud machines are still in place.

**AUCTION SALES****THE ALTERNATIVE**

Habsburg, Feldman S.A.  
FINE ART AUCTIONEERS



Two blue and white jars from the "Nanking Cargo" forming part of a collection of 8000 items to be sold by auction in Geneva, November 1987.

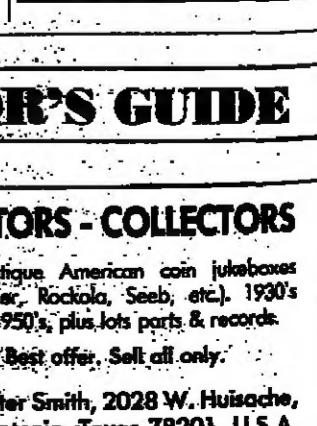
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- Old Master & Modern Paintings & Drawings
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For further information, please contact:

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# Egypt: Fundamental Questions

## IN THE NEWS

### Jan 17: Mubarak Condemns U.S. Arms Sales to Iran

In an interview with a Gulf newspaper, President Hosni Mubarak says the U.S. has lost its credibility in the Arab region as a result of its arms sales to Iran. The president, whose country supports Iraq in the war with Iran, later refused to meet with President Ronald Reagan.

### April 6: Elections Boost Opposition Alliance Party

In nationwide elections marred by opposition charges of fraud and violence, Mr. Mubarak's National Democratic Party retains a two-thirds majority in the People's Assembly but is faced with a stronger and more diverse opposition. The head of the opposition alliance, Ibrahim Shukri, intends to fight for the abolition of emergency laws and the review of all laws for compliance with Islamic teachings.

### May 22: Paris Club Stretches Debt Repayment

In a major reorganization of Egypt's debt, the Paris Club stretches Egypt's debt repayment over 10 years, including a five-year grace period. The agreement follows an earlier pact with the International Monetary Fund, which accorded Egypt a \$327 million loan over 18 months.

### May 27: U.S. Diplomats Escape Assassination Attempt

Two American embassy security officers narrowly escape assassination as they were driving to work in Cairo. Responsibility for the attack was claimed by Egypt's Revolution. The group has claimed responsibility for several previous attacks, including the killing of Israeli diplomats in Egypt and the hijacking of an Egyptian airliner to Malta in November 1985.

### June 8: Police Detain Moslem Fundamentalists

Egyptian police detain about 500 Moslem fundamentalists in an attempt to solve three assassination attempts in just over a month. The attempts were against an Egyptian magazine editor and two American diplomats.

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After three years of difficulties, Egyptian banks are posting an improved performance while trying to cope with official restraints.



An Egyptian iron and steel mill.

## Youth Has An Agenda Of Change

By Tahseen Basheer

**C**AIRO — Seen from the outside, Egypt looks like a magical kaleidoscope that produces rich images of people, historical periods, religious creeds and psychological moods. Egypt is eternal: Arab, Moslem, Coptic, Pharaonic, nonaligned.

All these snapshots of Egypt taken from the outside tend to show it as an engraved picture. The

### POINT OF VIEW

country and the institutions tend to dominate the stage, the Egyptians look like side actors in a play staged and performed by others.

By contrast, new generations of Egyptians looking at their country from the inside see it as a dynamic, living organism in the process of developing as a result of their own efforts.

Each new generation tries to shape a new Egypt. Each generation — armed with new social and political beliefs — is struggling against the status quo and for a better life. For the young, Egypt, though eternal, is in a state of flux.

For those who are born and will grow up and die in this ancient land, Egypt is a country that struggles to rid itself of internal and external shackles and must acquire new structures to give its people prosperity and peace.

The most crucial and lasting dimension of the new Egypt is the rapid population increase. The census of April 1987 put the total at 50 million. It took about 50 years for the population to double, between 1897 and 1947. Then it doubled again within 30 years, between 1947 and 1976. To appreciate the political significance of this change one has to look at the figures for 1976 to 1986. During those 10 years, the country's population grew by a staggering 12 million — more than the population of Jordan, Israel, the West Bank and Gaza combined. In fact, Greater Cairo today has 10 million people, which makes it one of the three most

populous cities in the world along with Tokyo and Mexico City.

This huge population increase is taking place in an area that is limited to about 4 percent of the surface of Egypt — an area that is green and arable and congested. The green fields are being squeezed by the spread of urban settlements on the best soil of the Nile, while the newly reclaimed areas are on marginal land in the desert.

Traditionally, the Egyptians migrated little, and when they did, it was nearly always within their own country. But now the pressure of numbers has produced a new phenomenon: the migrant Egyptian.

The number of Egyptians living outside the country increased from 3.7 percent of the population in 1976 to 4.5 percent in 1987. This adds up to about 2.25 million Egyptians, most of them working in temporary jobs in the Gulf and only a few of them choosing permanent emigration to the United States, Canada and Australia.

The economic, political and employment climate of the Gulf states has a direct impact on the life of many Egyptians. Each Egyptian working abroad helps feed at least five members of his family at home. Working abroad is a safety valve for many university graduates who cannot find gainful employment in Egypt.

Of the adult population, 4.7 percent have a university degree. Women represent 25 percent of the university population.

The census profile shows that illiteracy has been reduced to 49.4 percent of the population, from

لماذا من لأصل



David Guttenberg

Continued on page 10

### A Critical Debate

## Islam Challenges Secular Society

Increasing militancy is felt in politics and in the street.

By Henry Tanner

**C**AIRO — Among all of Egypt's problems, including overpopulation, lack of arable land and water, and war and peace in the region, the one that is most often and most passionately debated these days is the rise of Islam.

Religious feeling among ordinary citizens is rising; the political power of the Ikhwan, as the Moslem Brotherhood calls itself, has grown dramatically; Islamic financial institutions are multiplying their economic strength and influence; and beneath the surface there is the troubling, sometimes menacing and always elusive presence of an untold number of clandestine groups of Moslem extremists, some of them with a proven willingness to resort to arson and assassination.

All this is transforming the national

**HENRY TANNER** is on the staff of the International Herald Tribune. He reported on the Middle East for The New York Times from 1972 to 1983. He was Cairo bureau chief for The New York Times from 1972 to 1977.

Continued on page 8

### International Lending

## Cairo Wins New Aid Amid Controversy

By Clyde H. Farnsworth

**W**ASHINGTON — For years American development specialists have been frustrated by Egypt, the most populous Arab nation with 50.5 million people half of whom are under 21, \$40 billion of debt, great pockets of poverty and widespread corruption.

The United States, Japan, European countries and international lending institutions have pumped billions of dollars into the Egyptian economy only to see its progressive deterioration as spending continues to outstrip revenues and trade deficits widen.

It is a country that used to export food but now must import half of its requirements. It also must find jobs for more than 450,000 people every year to prevent further rises in unemployment rate that is so high already that no one can count it reliably.

Yet geopolitically, Egypt is one of the most strategically placed countries in the world and is a close friend of the United States. A signer of the 1978 Camp David accords with Israel, Cairo is one of the keys to the peace process in the Middle East.

At the same time, it ranks as the second most populous country on the African continent, after Nigeria, and participates actively in African organizations. It shares Washington's dislike of Libya and has strongly opposed a Libyan presence in Sudan.

Washington, which gives Egypt about \$2.5 billion a year in civilian and military assistance (against \$3 billion a year for Israel), had long urged President Hosni Mubarak to seek help from the International Monetary Fund to revamp and restructure his economy.

Last December, the U.S. Embassy in Cairo sent a report to the State Department starkly concluding that Egypt's economy "has been stagnant for two years. It is suffering from economic distortions and is not poised to resume growth without economic reforms."

The IMF is like an international financial doctor. It helps countries reform their economies, but sometimes its medicine is unpleasant. Egypt's last experience with IMF medicine was not a happy one.

In 1977, the IMF had recommended that Egypt end heavy subsidies for food. The idea was to lift prices and encourage farmers to grow more. But higher prices for bread touched off street violence that led then President Anwar Sadat to send the IMF packing.

Last May 16, Mr. Mubarak, whose economic position had been further weakened by last year's decline in oil prices, got the IMF to agree to lend Egypt \$327 million over 18 months in return for promises to curb packing.

CLYDE H. FARNSWORTH is a financial writer for The New York Times based in Washington.

budget deficits, reduce the role of government in the economy, encourage market forces and devalue the Egyptian pound.

Now there are some who suggest that the IMF may have agreed too quickly to lend Egypt the money and that there indeed may have been some quiet arm-twisting by the United States, the IMF's biggest shareholder, to bring the IMF along.

The pact was important to Egypt not just for the \$327 million but the additional sums it will open up both from other countries and multilateral lenders such as the World Bank.

The IMF agreement has already won Ca-

iro a rescheduling agreement covering \$11.5 billion of debts owed to the so-called Paris Club of government creditors from the industrial countries.

Shortly before last month's accord, the World Bank, after three years of "technical" delays, signed \$574 million of loan agreements covering projects to help export promotion, small-scale industry and agricultural development.

Hundreds of millions of dollars of additional World Bank loans may be signed shortly to help the agriculture and construction industries, World Bank officials said.

At both the bank and the IMF there has been some concern expressed over the "politicization" of lending to Egypt — allegedly to reward Mr. Mubarak for continuing to align Egypt with U.S. foreign policy interests.

C. David Finch, the director of the IMF's exchange and trade relations department, resigned in early May to express his concern that the IMF was being subjected to too much political pressure, according to monetary officials.

Mr. Finch's department is concerned with the application of conditionality on an even-handed basis and so it is especially sensitive to any lessening of the standards for one country.

Although he is joining the Institute for International Economics, a Washington-based think tank, next month, Mr. Finch was in his native Australia for a visit when this

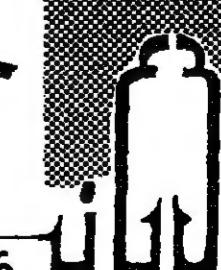
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# Rise of Islam Poses a Challenge to Secular Society

Continued from page 7

sition candidates suffered pressures, there was sporadic violence and the counting of ballots is open to doubt in some precincts.

What counts most in the eyes of many politicians is that the Ikhwan emerged as the most powerful opposition force in the country. It left the legal opposition parties far behind and overshadowed even the venerable Wafd, the still popular old party that had ruled Egypt before Gamal Abdel Nasser's revolution in 1952 and that has been fighting for a comeback.

Even more ominously, the government was plainly surprised by the size of the Ikhwan vote.

"We underestimated them," an official said. "Their strength goes far beyond their vote. They have support in all parties, including the ruling NDP."

Mustapha Khalil, the NDP spokesman, told interviewers just before the vote that the Moslem Brothers were good at sloganizing during the campaign but would fail to make an impact on election day.

And a prominent member of Egypt's divided secular Left, which includes Nasarites, Arab Socialists and Marxists, summed up the result with a paraphrase of the tale about the king and the little boy: "We have only just found out that we are wearing no clothes. We are talking a language that is no longer understood."

The implications for Mr. Mubarak are stark as he approaches the end of his first six-year term in October.

In the past, he had hinted on occasion that he might not run for a second term. But now it is clear that he will. He has to be nominated by a two-thirds majority of the National Assembly in early August and then will "campaign" as the only candidate for about two months before being confirmed by popular vote in a plebiscite. There is no doubt about the outcome. He is limited to two terms under the constitution.

The president's basic policy is to gradually turn over to the National Assembly an increasingly wide range of responsibilities, though not of power. He wants this to be a gradual, limited and strictly controlled process. The Assembly is to determine, if not to decide, the principal economic and political issues.

The licensing of five opposition parties was part of this process.

Since the Ikhwan professes to be moderate and accepts the electoral process, and since it clearly represents a major part of public opinion, he could not keep it from running without reversing the trend toward greater democracy.

The Ikhwan, moreover, has been anxious to deny any link with violent groups. After the attack on Hassan Abu Bashir, the former interior minister, the Ikhwan headquarters called foreign correspondents and dictated a communiqué con-



Classroom of an Islamic school in Cairo.

demning the attack and calling for nonviolence. The organization's spokesman, Gabr Rizk, in an interview at party headquarters, claimed that his organization had "absolutely no links" with the many shadowy groups of extremists that advocate and practice violence — and assassinated Anwar Sadat.

Many influential Egyptians, including some government officials, nevertheless believe that Mr. Mubarak made a fatal mistake when he decided to give the Ikhwan its chance to operate as a political party, if only under the umbrella of an electoral alliance with legal parties.

"These people [the Ikhwan] are not moderates. Their moderation is a front. What they want is power — take over the country. If the [violent] Islamic groups take to the streets and opportunity beckons, they will make common cause with them," said an official speaking privately.

The official hope is that the Ikhwan, as a legitimate opposition in the National Assembly, will act as a psychological and

political safety valve and lessen the appeal of the clandestine Islamic groups.

The Ikhwan, in its moderate contemporary garb, has its roots in the Moslem Brotherhood, which was founded in 1928 and grew to be a major force in the 1940s, when it had an underground military wing and might have succeeded in turning Egypt into an Islamic republic had it not been for the Nasserite revolution of 1952. Nasser liquidated the Brotherhood and put many of its members in jail, where they remained until Sadat freed them in the 1970s.

The five youngest members of the National Assembly are Moslem Brothers, and some are the sons and nephews of men who spent their lives in prison. One, Ahmed el-Banna, is the son of the Brotherhood's founder, Hassan el-Banna.

The Ikhwan's central political demand is to replace the country's Western legal system with Sharia, or Islamic law. It points out that the 1980 constitution passed by Sadat made Sharia "the principal source" of Egyptian law but that little

has been done to translate this into practice.

This was one of the Ikhwan candidates' most potent arguments in their bid for the Islamic vote. In private, they tone down their demand so as to lessen its impact on secular Egyptians. "We do not set a time limit for the introduction of Sharia," said Mr. Rizk, the Ikhwan spokesman.

Moderate Moslem Brothers in the National Assembly are under attack from the fundamentalists belonging to a multitude of Islamic Councils, many of which are small semi-clandestine cells with only a handful of members grouped around one leader, perhaps one mosque or one preacher, and often at odds with each other over religious doctrine or political tactics.

**M**ANY but not all of these groups are ready to resort to violence. Their members may be known only to their neighbors and to the police, which have been making periodic mass arrests running into the thousands. Police repression against fundamentalist groups is as much part of government policy as political accommodation with the moderates.

Estimates of the numerical strength of these groups are by nature difficult. An Egyptian specialist believes that they have as many as 100,000 members of all kinds and can enlist many times this number when needed. A major foreign embassy lists the figure at about 70,000.

Mr. Mubarak is given credit for dealing honestly with the problem. Even most of his opponents say that he is genuinely convinced that it is better to have the Islamic position stated in the Assembly instead of hearing it voiced only in the mosques and the streets. Sadat, by contrast, is widely seen as having courted the Islamic establishment as a means to bear the secular opposition.

In the opening session of the newly elected Assembly, the agenda called for ratification of Egypt's loan agreements with the International Monetary Fund and other creditors. One of the first speakers was a Moslem Brother. He pleaded for rejection on the ground that interest payments were against the Koran.

The speaker, a university professor, responded with a lecture on the realities of international finance and offered to withdraw the agreements if the Ikhwan secured new interest-free loans. The Moslem deputies did not pursue the issue. None of them voted against ratification and only seven abstained, but Ikhwan members and government supporters have clashed vehemently on other issues.

One of the president's advisers cited the episode as a first hint that Mr. Mubarak's strategy of bringing the Moslem Brothers into the open may be paying off.

The government is seeking ways to deal with the powerful Islamic financial institutions, which operate on the fringe of the national economy and have amassed many billions of dollars in deposits from as many as a million little

investors. They are using their capital for Islamic projects, for the funding of political activities by the Ikhwan and other Islamic groups and, on occasion, as just before the recent devaluation of the Egyptian pound, to sabotage government policies.

There are seven such Islamic holding companies. Their funds stem largely from Egyptians who have been working in the Gulf. They have been buying movie theaters (which now show only Islamic

**The Ikhwan emerged as the most powerful opposition force in the country.**

films) and restaurants and bars (which no longer serve liquor) and a variety of other leisure investments.

They have been known to pay depositors more than 35 percent interest, calling it "profit" to conform to the Koran. The government charges that they speculate in gold and silver and the black market and that a large part of their "profit" was drawn from new deposits, which, therefore, would be wiped out if the financial tide turned.

Both to protect the small depositors and to curb the invisible power of these institutions, the government wants to put them under central bank supervision and to force them to keep regular accounts that are open to inspection.

Religious fervor has risen dramatically among Egypt's Christian Copts as well as its Moslems.

The decisive turn, most agree, came after the catastrophic defeat of 1967 at the hands of Israel. Then, the death of Nasser in 1970 removed a father figure and meant the end of Egyptian Pan-Arabism, which had been a creed for many.

Sadat played on religious emotions with a constant public display of his devotion while at the same time plumping into wholesale importation of Western goods and values offending believers with such gestures as publicly saying that women wearing Moslem dress looked like "moving tents." When he sent his army across the Suez Canal in 1973, he called it "the Tenth of Ramadan War," because the date, Oct. 6, was the 10th day of the Islamic feast. This gave the war a religious connotation. Secular Egyptians call it the October War.

Throughout the years, economic woes never ceased and are recognized as one of the main sources of the average Egyptian's religious feeling.



President Hosni Mubarak on an official visit to France.

## Mubarak's Goal: Political Stability

Cairo — President

Hosni Mubarak, in his first six-year term, has given Egypt political stability after the violent death of his predecessor and the communal strife in Upper Egypt that followed.

Stability, the president's advisers say, has been his foremost goal. In order to preserve it, they add, the basic needs of the population must be better taken care of in terms of jobs, income, education, transportation and housing. This is the priority for the president's second term, beginning in October.

The economy was in desperate straits last year because income from Egypt's four principal sources of revenue, oil, Suez Canal tolls, tourism and remittances from millions of workers abroad, had fallen off sharply and the accumulated debt burden had become unmanageable.

This summer, things are looking up a bit. The oil price is more stable, tourism has begun to improve and there are signs that the number of Egyptians working abroad may be stabilizing. The recent rescheduling agreements with the International Monetary Fund and with Western debtors and the Soviet Union are seen as giving the country a financial breathing spell of some years.

A gradual devaluation of the Egyptian pound and a cautious reform of basic pricing and wage policies is in its very first begin-

ning. The aim is to do away with some of the paralyzing practices that have been in existence for many generations while at the same time avoiding a social shock of the kind that caused bread riots in Cairo in February 1977 and nearly brought down President Anwar Sadat.

It will be 18 months or more before the reforms can be called a success or failure.

Many Egyptians feel that Mr. Mubarak's chief merit is till now has been his determination to widen the limited practice of Egyptian democracy. He has given opposition newspapers more freedom than they have had in 35 years and has allowed opposition parties to elect a limited number of members to the National Assembly.

One of his objectives has been to democratize government after the turbulent Sadat years. One of the words he uses frequently is "national consensus."

His style, as he approaches his second term, remains sharply different from that of his two predecessors, Nasser and Sadat. He is deliberate and steady, and lacking charisma.

Summing up what he thinks is the general attitude of his countrymen toward their president, a prominent Egyptian said that Mr. Mubarak is respected for his integrity and earnestness but that they remain deeply critical of the slow pace of economic improvement.

Henry Tanner

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- 8 Nile Co. for Projects and Trade
- 9 Nile Co. for Tourism
- 10 Modern Arab Co. for Timber Industries (MATIN)
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## Peace Process

# Ties to Israel Remain Cordial, but Fragile

Satisfaction with peace has not translated into an appetite for close ties with Israel.

By Barbara Slavin

**C**AIRO — Only a half dozen Egyptian Foreign Ministry officials attended a reception here last month celebrating Israel's independence day, but their hosts were not disappointed.

"Those who were supposed to come, came," said an Israeli diplomat. "Last year, nobody did."

Eight years after Egypt and Israel signed their historic peace treaty, relations remain fragile and are measured in small gestures. Israeli hopes for full-scale exchanges in trade, tourism and culture have not been fulfilled. But for the past nine months, there have been no major crises either, something not taken for granted in this part of the world.

"Bilateral relations are going smoothly," said a senior Egyptian Foreign Ministry official. "There is nothing sensational, but there are no big problems. We have not totally recovered from what happened in Lebanon, but we are out of the intensive care ward if not yet convalescent."

Israel's invasion of Lebanon five years ago marked the low point in relations. Egyptians felt humiliated and infuriated by an action that they believed could not have taken place if Israel had had to worry about the possibility of Egyptian retaliation.

Unwilling to scrap the peace treaty barely a month after Israel had relinquished the Sinai desert in return for it, the government of President Hosni Mubarak froze bilateral ties. He summoned home his ambassador in September 1982 after Lebanese Christians massacred Palestinian refugees in an Israeli-policed sector of Beirut.

Relations did not re-emerge from the deep freeze until more than two years later, when a coalition government headed by the Labor Party leader, Shimon Peres, took power in Israel. Mr. Peres quickly set out to address key areas of Egyptian concern — withdrawal of Israeli troops from Lebanon, reviving the search for a comprehensive Arab-Israeli settlement and resolving a nagging bilateral dispute over a half-mile stretch of beach front called Taba, which Israel withheld when it returned the rest of Sinai in April 1982.

## Modernizing Plants

# Industrial Shake-Up Spurs Expansion

By Olfat Taha

**C**AIRO — The growth of industry is gaining momentum with firm backing from the government.

This year, the government has been clearing away obstacles to expansion that date to the early 1970s, when the predominantly government-owned sector lost the priority it had had in the previous decade and began falling behind in technology, productivity, quality and volume of output.

The magnitude of the changes introduced in this sector over the period of the 1982-1987 five-year plan amounts to a general shake-up, which has been carried out with extensive investments made in modernizing plants. With two-thirds of budgeted allocations for industry going to rehabilitation, industries such as spinning and weaving have entered a new age.

The takeover of top management positions by a new generation of executives and the efforts to free industrial companies from bureaucratic control is having an increasing impact on the performance of these enterprises. Their output has grown by an average of 15 percent to 17 percent over the last five years.

"We are trying to lay solid foundations for healthy growth," said Industry Minister Mohammed Abdul Wahab, explaining that government-owned industrial plants are being "made economically viable operating according to economic and not political principles."

A major step made in this direction, which accounts for the profitability of most of these companies after a long record of chronic losses, is the current attempt to shift state subsidization from production inputs to end products at the distribution stage, while state control over pricing of the final product disappears. The process is due to be finalized this year, the minister said.

The new attitude toward public-sector industries will, it is hoped, open the way for active private-sector participation in industrial development over the next few years. With government intervention in pricing removed and equal treatment given to the private sector in regards to power distribution, two of the private entrepreneurs' long-standing demands have been met.



Prime Minister Shimon Peres, left, and President Hosni Mubarak at the Israeli-Egyptian summit meeting last September in Alexandria.

Mr. Peres eventually prevailed to some extent in all three areas but was fought most of the way by his coalition partner, the rightist Likud bloc. Internal Israeli dissension postponed agreement on referring Taba to binding international arbitration until last September, only a month before Mr. Peres was required to turn over to the prime ministership to the Likud leader, Yitzhak Shamir.

As a result, Mr. Peres's meeting Sept. 11-12 with Mr. Mubarak in Alexandria, the first Egyptian-Israeli summit in five years, was anti-climatic, and 1986, which had been dubbed the "year of opportunity" for a wider Middle East peace, slipped by without a breakthrough.

As foreign minister, Mr. Peres has sought to keep a window of opportunity open in February, he came to Egypt again and agreed with Mr. Mubarak to work toward an international peace conference in 1987. The Israeli leader also reportedly carried on backstage negotiations with Jordan's King Hussein on the format for such a conference.

But while momentum appeared to build for a time, Mr. Shamir's Likud bloc remained adamantly opposed. Mr. Peres failed last month in an attempt to break up the coalition over the peace issue and the prospects for new elections, before scheduled in the fall of 1988, are uncertain.

Egyptian officials, regarding Mr. Peres as the most flexible Israeli leader available, say they have not given up hope.

"Until now, he hasn't delivered what he promised, but he's still trying," the senior Foreign Ministry official said. "We are in a wait-and-see situation."

In the meantime, Egypt has slightly eased the bilateral atmosphere.

It is represented again in Israel by an ambassador, albeit the same man who had been serving there previously as chargé d'affaires. A half dozen Israeli and Egyptian cabinet ministers have exchanged visits since September, and direct dial telephone service was finally introduced after Mr. Peres's trip to Taba.

PRESIDENT Mubarak has staunchly defended the peace treaty in both domestic and foreign forums such as the January summit meeting of Islamic Conference organization.

Egyptian officials are gratified that the stigma of the separate peace has gradually decreased as most other Arabs have come around to Egypt's view that a negotiated exchange of land for peace is the only solution to the Middle East crisis.

But satisfaction with peace has not translated into an appetite for close ties with the Jewish state. Trade and tourism remain largely one-way affairs. While more than 40,000 Israelis have visited Egypt this winter and spring, only a few hundred Egyptians went to Israel.

This year's trade, not counting the Sinai oil that Egypt is obliged to sell to Israel under the peace treaty, is not expected to exceed \$10 million, twice as much as last year but less than half what it was in 1982.

Israelis blame Egyptian bureaucracy for these low figures. Egyptian importers must apply for licenses to buy from Israel and tourists must obtain yellow permits. Both procedures expose applicants to unwelcome questioning by internal security police. The Egyptian media frequently attack Israel.

But there are larger psychological factors at work.

Thousands of Egyptians were killed in four wars with Israel and, although Egypt bears its share of blame for those wars, the thought of spending money in Israel remains repellent to some Egyptians.

The accumulated bitterness and suspicion of 40 years has been augmented by the failure of efforts to expand the peace treaty, Israel's continued nonrecognition of Palestinian political rights and its military actions toward other Arabs, such as the 1985 bombing of a Palestine Liberation Organization enclave near Tunis. Egyptians also oppose Israel's military occupation and civilian Jewish settlements in the West Bank of Jordan and Gaza Strip.

Reluctance to visit Israel, which is less than an hour by plane or a day's ride by car, also has a religious basis in a nation of devout believers.

Many Moslems shun a country that in their view illegitimately controls Islam's third holiest site — the Al Aqsa mosque where the prophet Mohammad is believed to have ascended to heaven.

Egypt's Coptic Christians are also forbidden by the Coptic Church to visit Jerusalem because Israel gave control of a monastery there to Ethiopian Copts after the 1967 war and has not returned it to the Egyptian church.

The insistence by the former Israeli prime minister, Menachem Begin, that Mr. Mubarak visit Jerusalem if he came to Israel prevented such a visit from taking place. Analysts say it is hard to imagine Mr. Mubarak going to Israel in the future without a dramatic breakthrough toward a wider peace.

"I don't think Mubarak attaches a lot of importance to what other Arabs think of his policy toward Israel," said a Western diplomat. "But he doesn't want to give internal critics, especially the [Islamic] fundamentalists, more handles."

Popular animosity toward Israel reflects frustration and disappointment that peace, and the massive U.S. aid that came with it, has not helped to ease Egypt's chronic economic problems.

"Peace has not brought prosperity, only dependence on the United States," said a young graduate of the American University of Cairo. "I'm not saying we should go to war, but peace wasn't fulfilled as it was meant to be."

BARBARA SLAVIN is a journalist based in Cairo.

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### Savings in distance

The SUMED pipeline is a short-cut to European markets for crude oil from the Arabian Gulf.

To:	Rotterdam Netherlands	Fes France	Augusta Italy
Via:		(Nautical miles)	
African Cape	11,170	10,780	11,140
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Saving	4,740	6,090	7,050

### Savings in time

The SUMED pipeline makes crude oil available at Sidi Kerir within 13 days of loading in the Arabian Gulf. Considerable time savings are therefore possible in supplying Arabian Gulf crude oil to European markets.

To:	Rotterdam Netherlands	Fes France	Augusta Italy
Via:		(days)	
African Cape	33	32	33
SUMED pipeline*	23	18	16
Saving	10	14	17

\*Assumes 5 days for the SUMED transfer

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A single large tanker can load two different types of crude oil in the Arabian Gulf and discharge them into the pipeline system. Two smaller vessels can then lift the different crude oil types and make deliveries which meet the needs of individual European refineries, thus avoiding two-port discharging or lightering.

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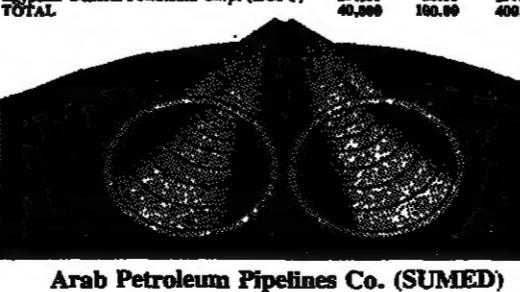
### Security against disruption of services

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Kuwait Petroleum Trading Contracting & Investment Co.	5,690	14.22	56.9
Kuwait Investment Co. (SAR)	3,000	0.00	3.0
Kuwait Petroleum Co.	10	0.00	0.1
Qatar National Petroleum Corp.	2,000	5.00	20.0
Egyptian General Petroleum Corp. (EGPC)	20,000	50.00	200.0
<b>TOTAL</b>	<b>40,690</b>	<b>100.00</b>	<b>400.0</b>



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## POLITICAL PROFILES

### Mustapha Khalil

Mustapha Khalil, 66, a frequent spokesman for the National Democratic Party, is a civil engineer who got his first minister's post in the early days of Gamal Abdel Nasser. When President Anwar Sadat made history by going to Jerusalem, he picked Mr. Khalil as one of the few men to accompany him. In his party job, Mr. Khalil organized vital home-front support for Sadat during the Camp David negotiations.

Later, as prime minister and foreign minister, he acquired the reputation as a tough bargainer in the negotiations leading to the peace treaty with Israel in 1979. The National Democratic Party in which he is a driving force is a loose collection of many trends and individuals whose principal common trait is support for the president.

### Khaled Mohieddin

Khaled Mohieddin, 64, the head of the leftist National Progressive Unionist Party, is one of the few surviving members of the "Free Officers" who, under the leadership of Nasser, seized power from King Farouk in 1952. Once in power, he had a stormy relationship with Nasser. A Marxist, he was known as the "red major" and at one point was forced into exile only to be called back as a leading editor.

Under President Sadat he became head of the leftist opposition when parties were first allowed in 1976 and spoke out against the Camp David accords and the "open door" economic policy.

His party, which is divided between many different groups, was one of the prime targets of government pressure during the election campaign in April and failed by far to gather the 8 percent of the electorate needed for representation in the People's Assembly.

### Ibrahim Mahmoud Shukri

Ibrahim Mahmoud Shukri, 70, head of the Socialist Labor Party, is the son of Mohammed Shukri Pasha, who was the keeper of the royal purse at Farouk's court. He went into politics in his teens as a militant anti-monarchist and is proud of the bullet wound he suffered when British police opened fire on strikers in 1945. He was jailed in the 1940s and released by Nasser.

When Sadat wanted a local opposition in 1978, he asked Mr. Shukri to form a party. He is the architect of the alliance between his party, the small Liberal Party and the Moslem Brotherhood, which permitted the latter to elect 36 candidates to the assembly even though officially it is still illegal. He remains close to the Moslem Brothers. He has recently grown a beard as worn by many devout Moslems.

### Ahmed el-Banna

Ahmed el-Banna, one of the leaders of the Ikhwan, the Moslem Brotherhood, is the son of Hassan el-Banna, who founded the organization in 1928. The elder el-Banna was shot to death in 1949 in a Cairo street by officers of the royal police in civilian clothes after a series of murders, including that of the prime minister, were blamed on the brotherhood.

The younger el-Banna was a journalist before winning a seat in the assembly. The Ikhwan was in turn favored as a counterweight to the secular Wafd and then repudiated by King Farouk, spared and then repressed by Nasser, opposed and then favored as a weapon against the secular left by Sadat. Today under President Hosni Mubarak, it has become the principal opposition in the assembly. It has come out against violence and promises to stick to a parliamentary role.

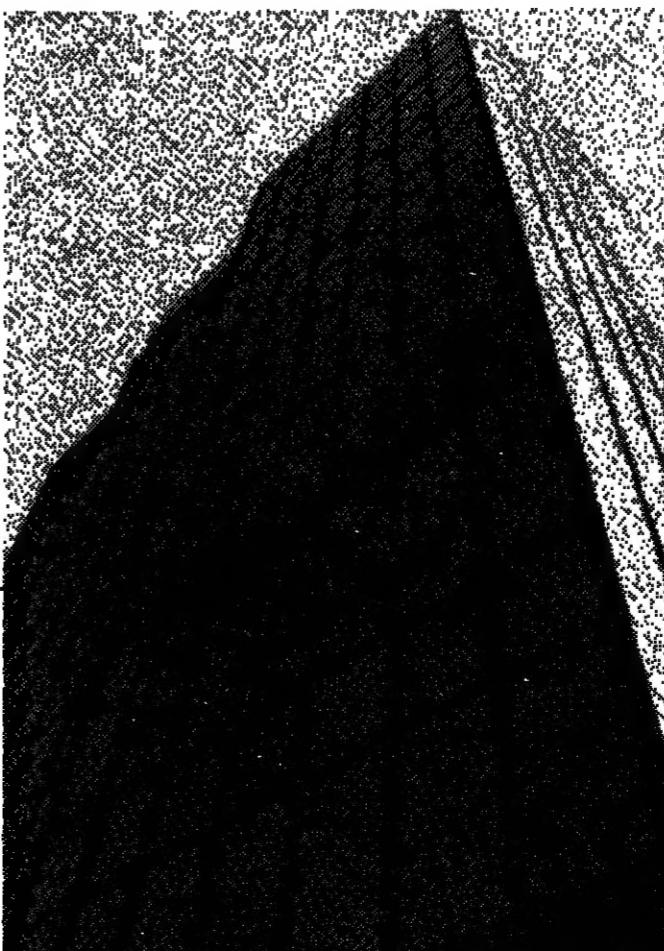
### Fuad Serageddin

Fuad Serageddin, the senior statesman of the New Wafid, was a government minister under the king when the Wafid was the leading party. The party was founded in 1918 when the legislative assembly sent a "waifi," which means delegation in Arabic, to London to plead for full independence. It was dissolved by Nasser along with all other parties.

When Sadat readmitted some parties, he did not want to see the Wafid revived, but Mr. Serageddin went to court and won. The New Wafid had a short-lived success. Sadat introduced legislation forcing it to disband. Mr. Serageddin was among those arrested by Sadat shortly before Sadat's assassination. The party was relaunched in 1983.

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# Soviet Re-emerges in Mideast in Subtle Role

By Henry Tanner

**C**AIRO — Seen from Cairo, as from other Arab capitals, the one major change that has occurred in the region in recent months is the re-emergence of the Soviet Union in an active and surprisingly subtle role.

After more than 15 years on the sidelines — the Soviets were thrown out of Egypt by President Anwar Sadat in 1972 and frozen out of the peace process by U.S. Secretary of State Henry A. Kissinger after the 1973 war — the Soviet Union, under Mikhail S. Gorbachev, is back on the scene.

It has been moving on a wide front:

- In March the Soviets offered to reschedule Egypt's military debt of about \$3 billion dating back to the 1950s and '60s. Their timing was perfect, politically and psychologically, since the offer was announced just before the rescheduling agreement in May between Egypt and the International Monetary Fund and other Western debtors.

- Moscow has held multiple contacts with Israeli officials and American Jewish representatives, notably from the World Jewish Congress, leading to the first significant increase in many years in the number of Soviet Jews permitted to leave. Hopes for the resumption of diplomatic relations with Israel have been raised.

• Western diplomats here say that when

Some Arab officials conclude that present Soviet policies are dictated first by the 'normal' desire of a superpower to be present in an area from which it has been absent for 15 years.

President Hafez al-Assad of Syria visited Moscow this spring; he was urged to soften his hard-line policy and was told that the Soviets would conduct their policies toward Egypt, Israel, the Gulf countries and the Palestine Liberation Organization according to their own lights and without regard for Syrian objections. The warning was sweetened with a promise of more financial, economic and military aid.

In the Gulf, the Soviets have had contacts with Saudi Arabia, which may or may not eventually lead to the establishment of diplomatic relations. Kuwait, the only Gulf country with which the Soviets have formal relations, received Soviet help in protecting some of its shipping when Moscow chartered three Kuwaiti ships.

Finally, the Soviet Union has been active in promoting the idea of an international conference on the Middle East.

There is a common trait to these moves that makes them different from earlier Soviet policies. Egyptian and foreign experts here feel.

In the past, the Soviets used regional turmoil in the Middle East and other areas primarily as a weapon in their power struggle with the United States. American and other Western policies were systematically obstructed and a friendly gesture toward a local country usually had a price tag in the form of a demand that it endorse some important Soviet goal or dismantle itself from the United States.

Now this no longer seems to be the case, according to diplomats here.

The rescheduling of the Egyptian military debt was followed by an offer to sell arms and spare parts but no hint was given of displeasure with Egypt's close relations with the United States. And some of the moves in the Gulf have been the subject of consultation with Washington.

The conclusion drawn by some Arab officials is that the present policies are dictated first by the "normal" desire of a superpower to be present in a region from which it has been absent for 15 years.

Secondly, it is thought here that Mr. Gorbachev may have concluded that the Middle East is offering opportunities for improving the general climate in which East-West disarmament negotiations are being held. Agreement in the arms talks is believed to remain his prime objective.

The Egyptians are closely watching these developments.

President Hosni Mubarak has been moving as deliberately and cautiously in foreign affairs as in his domestic policies. Stability is his principal goal abroad as well as at home.

He has been seeking to improve economic and personal relations with other Arabs while making it clear, from the very beginning, that he will not go back on his peace treaty with Israel.

Jordan and Djibouti are still the only members of the Arab League to have renewed formal relations with Egypt since they were broken off in 1967. Oman, Sudan and Somalia



The Soviet Union aided completion of the Aswan Dam in the late '50s.

are the only league members who never broke off relations.

The only breakthrough on the formal level has been Mr. Mubarak's participation in the Islamic summit last January. On that occasion, he also met with Mr. Assad, one of his chief opponents on the Arab scene, but the meeting was not followed by any improvement in relations.

Between 50,000 and 60,000 Egyptians are still working in Libya, the country of Egypt's other arch enemy, Colonel Muammar Gadhafi.

Formal contacts and exchanges with Saudi Arabia and other moderate Arab countries have increased. A Saudi exhibition, for instance, was solemnly inaugurated here a few days ago.

The Egyptians are careful not to give offense to the Saudis. The Saudi royal family's involve-

ment in the surreptitious funding of the contras, the U.S.-supported Nicaraguan rebels, has not been mentioned in the Egyptian press. And Arab tourists from Saudi Arabia and other Gulf countries are much in evidence in Cairo.

There has been a suggestion that Saudi Arabia might be willing to assume Egypt's military debt to the United States on which the Egyptians are still paying an average of more than 12 percent interest. The idea was that Egypt would owe the money to the Saudis rather than to the United States, with an interest of about 7 percent.

Washington does not want to reduce the present rate, arguing that it would have to do the same for many other loans around the world. U.S.-Egyptian negotiations continue. The idea of a Saudi intervention has not pro-

gressed.

## New Generation Is Pushing an Agenda of Change

Defeat in the Six-Day War of 1967 was a shock to the generation that endured it.

Continued from page 7

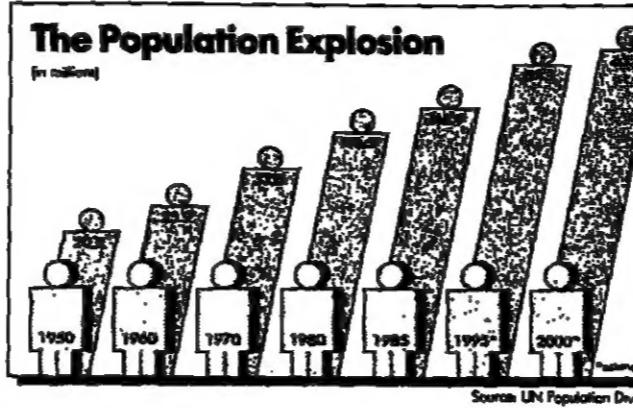
57.2 percent in 1976. This represents real progress in education but also reveals that after 35 years of revolution, basic literacy remains an elusive goal.

The population factor, with its manifold features, is and will remain the foreseeable future the most important single challenge. How to cope with the increase, how to manage and moderate it while trying to improve the quality of life of new Egyptians is by far the most pressing problem.

Up until now, efforts in this field have been fragmentary, tentative and uncoordinated. And because the impact of overpopulation is more long-term than immediate, the response of the political leadership has been slow and ineffectual.

The fact that this issue touches Moslem sensibilities has pushed the debate onto the ideological level and limited serious public discussion. But the severity of the problem is such that this contrived silence cannot be allowed to last.

Since the population increase is



responses of the previous generation.

Today, it is 30 years after Suez, 20 years after the trauma of the Six-Day War and 16 years after the death of Nasser. His heritage is more a historical backdrop than a living political force to the new generation.

Nasser's place as the spokesman of the poor and the less privileged is still vacant, but his program is convincing only to the Naserrites. The new generation has a different agenda. The defeat of 1967 was a shock to the generation that endured it. Losing faith in the Naserrite program but not necessarily in Nasser himself, young Egyptians started to ask serious questions and search for answers.

Under the impact of the trauma, the entire nation turned to religion — both Islamic and Coptic Christian. In Egypt, religion has always been the foundation of the political system and the spine of social cohesion. Religion was invoked against adversity and as the link between this life and the unknown after-life, and it has provided meaning, continuity and sense.

The current wave of Islamiza-

tion covers many trends. The emphasis on what it called "fundamental Islam" in the West misses many of the fine points of the debate. No one should doubt the general impact of Islamization. But its significance varies from one school of thought to another.

Some struggle to find relevant answers to Egypt's problems within the teachings of Islam. Many search for identity and authenticity. However laudable this genuine search, it has produced many questions but few answers.

Does Islam prescribe a genuine political system? But why does the Koran not detail it? If Islamic values are to be used to practice a political system, then we have to do our homework in study and debate. There are those who suggest that the solution lies in the return to a real or imagined golden past. But they have not explained why this past, in the Moslem world as well as elsewhere, included periods of conflict and decay.

Some dismiss all these nagging questions by saying it is the fault of the Moslems but not of Islam. The question then becomes: Who interprets Islam, and who has the knowledge and the authority to do so?

Moslem associations must be given credit for having responded to the need of self-help and mutual help among the poorest sections of the population. They have also stressed the importance of family and a sense of belonging.

The torrent of writing on these subjects still lacks coherence and depth.

The search for reform without reform — or for reform without a framework of cohesive reformation — is an intriguing paradox that remains unanswered.

Anwar Sadat's agenda of a comprehensive peace, open-door policy and multiparty system have left their impact.

President Hosni Mubarak has worked hard to moderate some of the aberrations and excesses that marked the last years of President

All of the young want good education, economic opportunities and accountable government, with freedom of expression and a strong legal system.

Egyptian youth has become less ideological and more concerned with concrete and practical questions.

The young remain impatient. But they tend to be more elastic in their demands when they feel that they are dealing with a responsive government.

After all, when everything is said, Egypt during the past 15 years has grown economically per capita.

The Egyptian today is better fed and clothed than before. So with more work and a bit of luck the new generation can hope to add its weight to history, aware of the dangers but not indifferent to the fact that Egyptian problems will not be solved from the outside or by the outside. They will have to be solved by the Egyptians. This is the challenge and the new agenda of Egypt.

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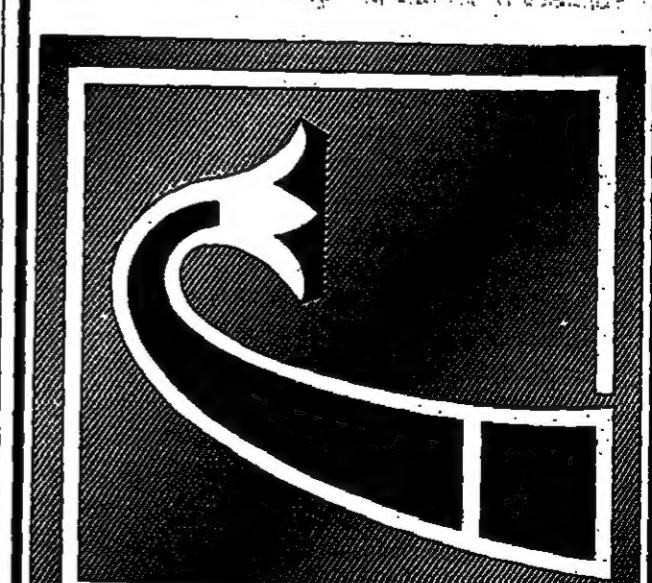
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## Downturn in Gulf, Oil Glut Hasten Pace Of Economic Decline

By Olfat Tohamy

**C**AIRO — With its worst year in a decade over and a promise of relief this year, the government is moving to seize the opportunity provided by better conditions and the international community's backing to improve the economy's performance and chart a course for growth.

"An exhausted patient but not a hopeless case," was how Prime Minister Atef Sedki described the economy at the end of its most difficult year since it began slowing down in 1976. A combination of international and regional conditions, including the world oil crisis and the Gulf states' sharp downturn have accelerated the slowdown, resulting in a fall in its growth to 4.2 percent last year.

Despite the government's attempts to streamline expenditure and new moves to restrain consumption, there are firm indicators that the balance of trade and current account are heading for record deficits in the 1986-87 fiscal year, which ends this month.

Official estimates based on quarterly figures show a sharp increase in merchandise imports, compared with a slight rise in exports, resulting in a trade deficit of more than 4.7 billion Egyptian pounds (\$2.14 billion). While the services balance turned positive for the first time in several years due to a sharp increase in income from tourism, a slight rise in expatriates' remittances did not prevent the current account deficit from reaching the 2-billion-pound mark for the first time ever.

Referring to a wide discrepancy between forecasts and indicators on the economy's actual performance, Deputy Prime Minister and Minister of Planning Kamal el-Ganzouri pointed out two factors that underline the economy's vulnerability to external pressures.

One was the sudden fall in international oil prices, which has led to a fall of 1.3 billion Egyptian pounds in oil export revenues. The other was the Egyptian pound's rapid depreci-

ation against all major currencies. A Ministry of Planning report estimates that this cost Egypt an additional 2.3 billion Egyptian pounds on imports in the same fiscal year.

The main foreign exchange earners, including oil exports, tourism, remittances and Suez Canal tolls, have all recovered since the beginning of the year, promising an end to the squeezes that reflected the government's inability to meet its foreign exchange payments.

The shortages have resulted in an increase in arrears on foreign creditors' payments, which have reached more than 18 months on publicly guaranteed supplier credits. And public sector industrial plants, relying on the government to supply the foreign exchange to cover imported raw materials, equipment or spare parts, operated well below production capacity during the squeezes.

While oil exports are expected to maintain their current level, eventually falling as production stabilizes, nonoil exports have begun picking up and tourism has recovered remarkably. Aided by countertrade agreements, in which Egypt supplies trading partners or foreign countries with goods instead of hard currency, merchandise exports, especially manufactured goods, have risen, reflecting a strong performance during the last quarter of 1986, which has continued unabated. For the first time, tourism returns have equaled oil export revenues during the first quarter of this year.

The minister of tourism and civil aviation, Fouad Sultan, believes that income from tourism, which has so far doubled initial forecasts, could reach \$2 billion this year and that the number of tourists could be close to two million.

Having revised their projections to reflect last year's changes and trends, officials expect tourism to be the fastest growing sector of the economy.

Industry is expected to provide the impetus for the productive sectors' rise, making up for agriculture's poor performance. Persisting indicators that land reclamation plans are be-



Worker monitors manufacturing at Fiat plant.

hind schedule reinforce analysts' belief that Egypt will be unable to bridge the food gap in the foreseeable future, relying on imports for two-thirds of its needs.

The recent partial flotation of the Egyptian pound, which has put an official seal of approval on a black market rate of 2.18 pounds to the dollar, or nearly double the highest officially approved previous rate, should also help boost tourism and exports. However, Hazem Beblawi, chairman and chief executive of Egypt's Export Development Bank, believes that the export promotion drive needs additional government input.

"The political will is there," he said, "but the system needs to be reoriented towards exports." He added that incentives to compensate for protection are weak or nonexistent, referring to measures taken to wean the Egyptian market away from imports through raising customs duties. Among the incentives he cited to promote exports were concessions on taxes and compensation or subsidization of credits offered to exporters at lower interest rates.

While import-substitution was stressed as a theme of policy-making over the last three years, a Ministry of Planning follow-up report indicates a change of attitude toward the concept. Starting with the new five-year social and economic development plan in 1987-88, "there will be a shift away from the negative application of the principle of self-reliance, whereby exchanges with foreign markets will be en-

hanced through increasing exports and decreasing imports," the report said.

The government's decision to phase out the multilateral currency rates and unify them at the end of an 18-month period, which is covered by an agreement it has made with the International Monetary Fund, is the most significant of the measures adopted in line with the IMF's views. The agreement, in which Egypt receives \$325 million in balance of payments support, also includes tightening controls on money supply expansion, as interest rates are raised mildly, while the government reduces the budget deficit. It also calls for further reductions—but not the total removal—of subsidies on basic food items, energy and services.

As a result of the interim agreement with the IMF, Egypt's creditworthiness has received a boost, with 18 of its Western creditors agreeing to grant it a five-year break from debt servicing. Bilateral negotiations between Egypt and its main foreign lenders, including the United States, France, West Germany and Spain and covering \$7.2 billion of medium- and long-term debt, will continue through the summer. Egypt's total foreign debt is estimated by international organizations at close to \$40 billion.

Also in line with its agreement with the IMF, the government's budget projections for 1987-88 include a reduction of the net budget deficit, from an estimated 780 million Egyptian pounds in fiscal 1986-87 to 680 million Egyptian pounds in the new fiscal year starting in July.

## Despite Curbs, Banks Improve Performance

**C**AIRO—After three years of difficulties, Egyptian banks are posting an improved performance while trying to cope with official restraints. Their desire to become active players in the foreign exchange market has received a boost from the government's first move toward a unified floating exchange rate for the Egyptian pound.

The banks' year-end results indicated that the lessons of 1984 and 1985, which came at the end of a decade of phenomenal growth, had been learned. While those two years were marked by major financial scandals, which exposed mismanagement at senior levels, 1986 was the year when many banks began to adjust to the slowdown.

"Our growth was not affected so much by the circumstances in 1986, because we had planned for our market share," said Mohamed Hafez, general manager of Bank Misr, which Egypt's biggest commercial bank. Bank Misr and three other public-sector banks, the National Bank of Egypt, the Bank of Alexandria and Banque du Caire, account for three-quarters of banking operations in the country.

Relying on their experience in the market and their network of branches, they are either maintaining their position or raising their profile and expanding, as in the case of Bank Misr.

Although some bankers do not share Mr. Hafez's optimism, most agree with his view that "those who have survived will continue to survive."

Some of the smaller, privately owned banks continue to face difficulties in recovering from bad debts resulting from the slowdown, but others such as the Suez Canal Bank have shown strong performance figures—a slight increase in provisions for bad debts, a greater expansion of the loan portfolio and a healthy rise in operating as well as net profits.

Last spring, the government adopted a series of measures that are changing the banking environment, including the announcement of the partial flotation of the pound. In line with the reform program approved by the International Monetary Fund, which calls for controlling the expansion of the money supply, the central bank imposed a ceiling on lending by restricting growth in banks' total portfolio to 2.5 percent above their level at the end of last year. As part of the package, interest rates on Egyptian pound loans were raised for the first time in several years. A similar rise in interest on deposits is expected to be made to strengthen the pound.

In May, the government took a long-awaited and far-reaching step in the direction of introducing a unified floating rate for the pound. By deciding to allow the banks to freely set the rate for buying and selling foreign exchange, banks have become active players in the market, which was previously dominated by money changers.

According to the new rules, an eight-member committee of bankers meets daily to set exchange rates for the Egyptian pound without central bank intervention. Such intervention, imports were allowed to continue, leaving the back door open for money changers to pursue their activities.

Five weeks after these rules were implemented, importers continued to complain about delays in issuing letters of credit by banks, which implied shortages in the supply of foreign exchange made available by the banks as well as through money changers. Although a growing portion of transfers is being made directly through the banks at the new rates, more than half the market's supply continues to be covered through money changers. This, a banker remarked, suggests a tenfold increase in direct transfers through banks, which he described as "a great achievement."

On another front, banks are continuing to fight an unequal battle with unlicensed deposit takers, which have emerged recently under the name of investment companies. Claiming to operate according to an interpretation of Islamic theology that prohibits fixed interest payments, these companies have been offering their depositors an average of 24 percent interest, compared with a maximum of 13.5 percent offered by banks.

Olfat Tohamy

## Planners Chart 20-Year Course to Better Life

**C**AIRO — If government planners have their way, the next generation of Egyptians will enjoy a higher standard of living, have better employment opportunities and might settle in what is now an arid desert by the year 2002.

This is the scenario of a 20-year course charted by economic planners who hope to bring Egypt at least up to the present-day level of the newly industrialized countries of Southeast Asia, such as South Korea.

Egyptians, however, will first have to raise smaller families, if an economically healthy Egypt is to become a reality by the 21st century, since at present rates the country's population is expected to swell from 50.5 million to 70 million by the year 2000.

The first installment of this program began in 1982 with a five-year economic and social development plan. It was the first such exercise in medium- and long-term planning since the 1960s.

The new five-year plan, which starts in July, will mark the beginning of a transition toward

what is described as an "industrialized society." The transition period will extend into the third five-year plan, from 1992-97, and the results are expected to become tangible in its last two years.

Planners hope that by the year 2000 Egypt will have at least matched South Korea's development through an industrial output that is forecast to quadruple, and exports that will include mainframe computers, electrical appliances and cars. By that time they project the country will have closed its food gap and begun exporting agricultural products, the volume of which would double over that period.

Kamal el-Ganzouri, the deputy prime minister and minister of planning and international cooperation, denied that the purpose of planning is to paint a rosy picture of the future. "I'm a planner," he said, "but I am very conservative with figures, reflect reality and not exaggerate it or magnify it to avoid shocks or wrong decisions."

Critics view the revival of central planning as a reversal of the liberalization trends begun

under the late President Anwar Sadat. Their main concern is that central planning will strengthen bureaucratic control, thereby stifling private initiative and slowing the growth of the small but ambitious private sector that began re-emerging under Mr. Sadat.

Preliminary estimates on investments during the 1982-87 period indicate that this trend is continuing with private investments exceeding the targeted figure of 8 billion Egyptian pounds (\$3.7 billion) to reach 9.3 billion Egyptian pounds, compared with public investments reaching 27.1 billion Egyptian pounds.

While private investment picked up, public investments plateaued during the last two years, falling slightly behind their projected amounts.

"There is no ceiling on private investment," Mr. Ganzouri emphasized, saying that the private sector's share of investments in the new plan is expected to rise to 40 percent, compared with an average of 24 percent in the last five years. In the longer term, the bulk of the government's capital budget will be oriented toward social services.

## Cairo Wins New Aid Amid Controversy

Continued from page 7

article was being written and could not be interviewed.

But officials said that in his resignation statement before the board in early May, he cautioned that the IMF would lose its usefulness if it became a political tool for a single member, no matter how important that member.

Another senior international monetary official came to the same conclusion as Mr. Finch: "Washington wanted to make a political gesture to Mubarak. Washington acted because Mubarak is trouble."

Unemployment is aggravated by the repatriation of Egyptian workers, chiefly from the Gulf states. It is estimated that 80,000 Egyptian jobs have been eliminated as a result of lower oil prices and declining economic activity in these countries.

This official, who asked not to be identified, said that Mr. Mubarak has not committed Egypt into taking sufficiently vigorous action to end the economic deterioration. He noted that the budget deficit still represents a mammoth 15 percent of the gross domestic product, a percentage four times larger than in the United States. Two-thirds of Egypt's national expenditure is in the hands of the state.

"Mubarak is proceeding with his reform too slowly," the official said in an interview.

Almost everyone agrees that Egypt's political significance far exceeds its economic significance. In such a case, noted C. Fred Bergsten, the director of the Institute for International Economics, "there is always the temptation for Washington to let political factors override economic concerns."

Reagan administration officials deny that they put any pressure on the IMF.

"Egypt is an important country," noted a State Department official, "and is going through a very difficult time economically. We certainly want to do everything we reasonably can to help them out. But we realize that Egypt must do some things for itself."

He stressed that all the creditor countries feel the same way. "They

all want to assist Egypt. The United States has not been twisting any arms," he said.

Egypt has already undertaken some elements of the reform by devaluing its currency and raising energy prices.

"I think the reforms stand a good chance of succeeding," said another Reagan official. "Mubarak is popular, likeable, trustworthy. He may take longer than

most Westerners would like to make economic adjustments, but he has his fingers firmly on the pulse of his country."

American businessmen have also given Mr. Mubarak a vote of confidence. In the past 18 months, U.S. investment in the industrial and manufacturing sector of Egypt has jumped by more than \$50 million and now totals about \$180 million, according to a recent

cable from the U.S. Embassy in Cairo.

The number of joint ventures increased from 15 to 26. The most notable new joint ventures include a General Motors truck and bus plant and an American Standard bathroom fixture operation. But the investments will make little dent in unemployment. Altogether they create no more than 30,000 jobs.



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NYSE Most Actives						
Vol.	High	Low	Loc.	Chg.		
A&T	3,628,200	287	284	+1		
Schlesinger	2,400,000	125	124	-1		
Gillette	2,400,000	125	124	-1		
RICOH	1,725,000	181	181			
Honeywell	1,600,000	125	124	-1		
UsCorp	1,580,000	51	51			
Dowd	1,570,000	51	51			
Transamerica	1,560,000	102	102			
CNY DIC	1,482,000	112	112			
TIXX	1,431,000	25	25			
Truman	1,421,000	36	36			
Ardoin	1,342,000	31	31			
USX	1,342,000	31	31			

Market Sales						
NYSE 4 p.m. volume	120,961,000					
NYSE 4 p.m. close	11,365,000					
Ame. prev. cons. close	11,365,000					
OTC avg. 4 p.m. volume	145,455,100					
NYSE volume up	149,819,000					
NYSE volume down	103,200,000					
Amer. volume up	78,172,000					
Amer. volume down	55,120,000					
OTC volume up	52,011,000					
OTC volume down	33,833,000					

NYSE Index						
Composite	173.02	172.45	172.07	-0.85		
Industrials	171.27	170.70	170.20	-1.32		
Transportation	151.42	151.20	151.00	-0.32		
Utilities	75.63	75.44	75.53	-0.52		
Finance	155.02	154.83	154.91	-0.82		

# Friday's NYSE Closing

Via The Associated Press

AMEX Diary						
Close	Prev.					
Advanced	264					
Declined	250					
Total Issues	250					
New Highs	17					
New Lows	17					

NASDAQ Index						
Close	Prev.					
Advanced	264					
Declined	250					
Total Issues	250					
New Highs	17					
New Lows	17					

AMEX Most Actives						
Vol.	High	Low	Loc.	Chg.		
Worley	850	747	747	-16.72		
Kidde	721	721	721	-4.67		
Worley	711	711	711	-1.71		
Lowell	700	700	700	-2.50		
Transo	693	693	693	-2.50		
Transo	688	688	688	-2.50		
Transo	683	683	683	-2.50		
Transo	678	678	678	-2.50		
Transo	673	673	673	-2.50		
Transo	668	668	668	-2.50		
Transo	663	663	663	-2.50		
Transo	658	658	658	-2.50		
Transo	653	653	653	-2.50		
Transo	648	648	648	-2.50		
Transo	643	643	643	-2.50		
Transo	638	638	638	-2.50		
Transo	633	633	633	-2.50		
Transo	628	628	628	-2.50		
Transo	623	623	623	-2.50		
Transo	618	618	618	-2.50		
Transo	613	613	613	-2.50		
Transo	608	608	608	-2.50		
Transo	603	603	603	-2.50		
Transo	598	598	598	-2.50		
Transo	593	593	593	-2.50		
Transo	588	588	588	-2.50		
Transo	583	583	583	-2.50		
Transo	578	578	578	-2.50		
Transo	573	573	573	-2.50		
Transo	568	568	568	-2.50		
Transo	563	563	563	-2.50		
Transo	558	558	558	-2.50		
Transo	553	553	553	-2.50		
Transo	548	548	548	-2.50		
Transo	543	543	543	-2.50		
Transo	538	538	538	-2.50		
Transo	533	533	533	-2.50		
Transo	528	528	528	-2.50		
Transo	523	523	523	-2.50		
Transo	518	518	518	-2.50		
Transo	513	513	513	-2.50		
Transo	508	508	508	-2.50		
Transo	503	503	503	-2.50		
Transo	500	500	500	-2.50		
Transo	495	495	495	-2.50		
Transo	490	490	490	-2.50		
Transo	485	485	485	-2.50		
Transo	480	480	480	-2.50		
Transo	475	475	475	-2.50		
Transo	470	470	470	-2.50		
Transo	465	465	465	-2.50		
Transo	460	460	460	-2.50		
Transo	455	455	455	-2.50		
Transo	450	450	450	-2.50		
Transo	445	445	445	-2.50		
Transo	440	440	440	-2.50		
Transo	435	435	435	-2.50		
Transo	430	430	430	-2.50		
Transo	425	425	425	-2.50		
Transo	420	420	420	-2.50		
Transo	415	415	415	-2.50		
Transo	410	410	410	-2.50		
Transo	405	405	405	-2.50		
Transo	400	400	400	-2.50		
Transo	395	395	395	-2.50		
Transo	390	390	390	-2.50		
Transo	385	385	385	-2.50		
Transo	380	380	380	-2.50		
Transo	375	375	375	-2.50		
Transo	370	370	370	-2.50		
Transo	365	365	365	-2.50		
Transo	360	360	360	-2.50		
Transo	355	355				

AMEX prices	P.14	Bourses mondes	P.24
AMEX High/Low	P.14	Euro-CB	P.27
NYSE issues	P.12	Gold markets	P.12
Commodities stocks	P.12	Interest rates	P.12
Currency rates	P.12	International	P.12
Corporate bonds	P.12	Options	P.14
Dividends	P.14	OTC stock	P.17
Others	P.14	Other markets	P.18

SATURDAY-SUNDAY, JUNE 27-28, 1987

**ECONOMIC SCENE****U.S. Businessmen Seeking To Realign World's Wages**

By LOUIS UCHITELLE

New York Times Service

**N**EW YORK — For the first time, U.S. manufacturers are talking openly about a new and startling wage goal: They want to greatly narrow the gap between what they pay their factory workers and the earnings of workers in South Korea, Brazil and a handful of other developing countries.

That does not mean that businessmen want wages to plunge from the \$13.09 an hour that is the average total compensation of the U.S. factory worker. "Wages overseas will come up, but one way or another, the gap will have to close," said Robert E. Mercer, chairman of the Goodyear Tire & Rubber Co. Walter Johnson,

chief economist at General Electric, added: "Let's talk about the differences in living standards rather than wages. What in the Bible says we should have a better living standard than others? We have to give back a bit of it."

However, the case is put, a common view is emerging. "Many manufacturers now feel that we are not going to be able to afford the wage difference," said Jerry Jasinski, chief economist at the National Association of Manufacturers. Their concern is directed mostly at six countries whose modern, high-tech factories turn out products often competitive with those of the United States. The six are South Korea, Brazil, Mexico, Hong Kong, Taiwan and Singapore — and each has an average factory wage of less than \$3 an hour.

The new wage talk seems to mean several things. First, it underscores a determination by business to hold on to the wage and benefit concessions won in the early and mid-1980s — and not give them back to labor, even though U.S. products are becoming more competitive on world markets and exports are rising. Second, by focusing on the wage gap, U.S. manufacturers are shifting the pressures they bring to bear on the labor movement.

The concern had been that American factories would be closed, workers laid off and operations moved to low-wage foreign countries. That threat still exists, but a greater effort is being made to keep factories in the United States and to import the low foreign wages, said Harley Shaiken, a labor economist at the University of California at San Diego. "We'll never close the gap, but that has become a kind of goal," he said.

**F**INALLY, the wage gap debate underscores a determination to preserve the cost advantages that have resulted from the dollar's steep devaluation against other major currencies. A roll of Kodak film, for example, can now be sold in West Germany or Japan for fewer marks or yen than two years ago, and still bring Kodak the same profit.

But if Kodak's wages in Rochester rise, then the firm's price in marks or yen might have to rise again. That could allow film from Korean or Mexican factories to undercut the U.S. product. "We all have to meet world standards of cost," said John Hackett, chief financial officer at Cummins Engine, a manufacturer of diesel truck engines.

Put another way, when the dollar is devalued, the prices of goods sold abroad for marks or yen bring home more dollars than they did before. The goods, in effect, rise in price in terms of dollars. If wages fail to rise in tandem — as they did in the late 1970s when the dollar also plunged in value — then the American worker has trouble affording the higher-priced goods. They have to be sold abroad, and his standard of living suffers.

That is happening today. Net exports are rising, but real wages and benefits in the United States have barely increased in the past year, and those paid to factory workers have actually shrunk in recent months.

The pressure to standardize factory wages worldwide stems from some well-known causes. Technology and capital are mo-

See SCENE, Page 17

**European Tax Pact Adopted****Will Boost Joint Moves on Evasion**

By Axel Krause

International Herald Tribune

**P**ARIS — The 21-nation Council of Europe has adopted an international tax convention, opposed by business groups, that would strengthen cooperation among European governments pursuing cases of illegal tax avoidance.

The council's decision clears the way for approval of the convention by the Organization for Economic Cooperation and Development, of which both bodies said Friday.

U.S. government officials said that as an OECD member, the United States would approve the measure, which is known as the Draft Convention on Mutual Administrative Assistance in Tax Matters. The convention has been under study by Western governments since 1982.

The measure, which we have supported, provides a useful multilateral dimension to our existing bilateral tax cooperation treaties, a U.S. official said in Paris.

The International Chamber of Commerce said Friday in Paris that it would work against adoption of the proposal by the 24-member OECD, which includes most of the Western European members of the Council of Europe, as well as the United States, Japan, Canada, Australia and New Zealand.

In a statement issued on behalf of employer associations in 107 countries, the International Chamber of Commerce warned of "risks inherent in this convention."

It said those risks could endanger "the profitability and confidentiality of trans-border commercial dealings between companies."

The business grouping also asserted that the council and the OECD had not adequately consulted the private sector.

But an official of the Council of Europe in Strasbourg, France, said that "this was a big victory for those in favor of reforming and improving ways of pursuing cases of tax evasion."

He said that the proposal was

See TAX, Page 17

**'What in the Bible says we should have a better living standard than others? We have to give back a bit of it.'**

— Louis Uchitelle

New York Times Service

International Herald Tribune

Associated Press

AP Wirephoto

UPI Wirephoto

AP Wirephoto



## Rorer Renews Bid for A.H. Robins

*Compiled by Our Staff From Dispatches*  
RICHMOND, Virginia — A.H. Robins Co., the pharmaceutical company that sought protection in bankruptcy proceedings after thousands of damage claims were made against it, said Friday it was considering a merger proposal from Rorer Group Inc. The offer is val-

ued at a minimum of \$720 million. It is the second offer that Rorer, another large pharmaceutical company, has made for Robins this year. A previous offer on March 28 was withdrawn.

A Robins spokesman, Roscoe E. Puckett Jr., said Rorer was propos-

ing that Robins stockholders re-

ceive for each share either a con-

vertible Rorer share estimated to

be worth \$30, or 0.625 of a share of

Robins common stock, provided the

market value of the Robins stock is

\$48 or more at the time of the

exchange.

He said Rorer also would set up

two trusts with a combined value of

\$1.75 billion to pay claims from

women who contend that they were

injured by Robins's Dalkon Shield

intravenous device, and would settle

other claims against the compa-

ny, estimated to be \$120 million.

Rorer filed for protection under Chapter 11 of the U.S. Bankruptcy Code in August 1985. It has

proposed, as part of its reorganization plan, to set up a \$1.75 billion fund to settle more than 300,000 lawsuits by women claiming injuries from the intravenous device.

Robins directors will meet Mon-

day to consider the proposal.

The bid is at least the third for

Robins this year. New York-based

American Home Products Co. of-

fered to buy Robins in February, but talks fell through. In May,

Robins rejected an \$840 million bid

from Merrill Dow Pharmaceuticals

Inc. for its consumer products line.

"We are saving two million dol-

lars because under the contract we were to pay Hemlock \$6.7

million," the spokesman said.

Indian scientists, officials and

newspaper commentators had criti-

cized the contract as too expensive,

saying the proposed plans were ex-

travagant and irrelevant to India's

relatively modest needs.

The annual production target

was 200 metric tons (220 tons), but

one official said India's annual sil-

icon needs were only 25 metric tons.

Government sources said they

were confident that the Indian

company selected over Hemlock,

Metrix Chemicals, could meet the

electronics industry's needs.

Indian officials and U.S. diplo-

mats said the decision was unfili-

ty to hurt future investments in India

by American firms, especially in

high technology areas.

(AP, Reuters, UPI)

## Malaysian Bank to Make Public Share Offering

*Reuters*

KUALA LUMPUR, Malaysia — Southern Bank Bhd will shortly make a public share offering, and will be listed on the Kuala Lumpur Stock Exchange in August, the bank's chief executive director, Tan Teong Han, said Friday.

An underwriter for the bank said it would offer 23.5 million shares of 1 ringgit par value for 2.20 ringgit (87 cents) each. He said the shares had a prospective price/earnings ratio of 9.2, and capital would rise to 116.9 million ringgit from 50 million. Mr. Tan said the proceeds would be used to set up more branches. Southern has 20 branches in peninsular Malaysia, as well as a wholly-owned finance company, Southern Finance Co.

Both the Dayton's and Hudson's stores had profit gains, while caravans at Mervyn's declined. The Lehmkuhler stores' profit was about the same as the previous year.

But most analysts think that Mervyn's is bouncing back, after suffering from the economic problems of its base Southern California. The improvement at Mervyn's is seen as important, as Dayton Hudson's optimum 15 percent annual growth rate had faded to about 13 percent in the last two years.

"Mervyn's is the key to the anticipated turnaround," said Jeffrey B. Edelman of Drexel Burnham Lambert Inc., "and we believe its game plan is proceeding on schedule."

Dayton Hudson began to slim down in 1978, when it sold its nine regional shopping centers. In 1982, the Dayton Hudson Jewelers chain was sold. In 1984, Diamond's department stores in Phoenix and John Brown department stores in Oklahoma City were purchased by Dillard Department Stores Inc.

In 1985, the Plaza's off-price apparel chain was discontinued. But the biggest divestiture occurred last year, when the B. Dalton bookstore chain was sold off to Barnes & Noble. Although the chain was profitable, its small-store nature was difficult for a management devoted to focusing big stores.

The company's reputation has

been largely unimpaired by its slower growth rate, but Dayton Hudson remains vulnerable for an unrelated reason: Management owns only 1 percent of the 97.3 million common shares outstanding.

The management holdings of bigger corporations with a lot of stock on the market often are relatively small. Sears, Roebuck & Co., the largest U.S. retailer, also has only 1 percent of its 37.5 million shares in management hands.

However, Dayton Hudson's community has a big stake in the company, and that could help protect it from a hostile bid. The large contributions to local charities and community drives are an example.

That large tie to the community,

as well as the thousands of Minneso-

ta employees, was responsible

last week for an emotional rally

attended by a large crowd in a Minneapolis theater to express support for Dayton Hudson against any outside invasion.

Jacob and Sandra Elbogen of Brooklyn, New York, say they bought 100 shares of Dayton Hudson stock Tuesday at \$38.75 a share, while Joseph Pascal, a resident of New York state, bought 500 shares at \$38 each. They are seeking unspecified damages, alleging that Mr. Herrlinger's statements were made to inflate and manipulate the stock price.

The investors, who say they purchased nearly \$35,000 worth of stock at inflated prices, want a U.S. District Court judge in Cincinnati to expand their suit into a class action case.

On Tuesday, P. David Herrlinger, a Cincinnati stock analyst, telephoned a bogus \$6.8 million buyout offer for Dayton Hudson to Dow Jones News Service, causing the stock to soar, and then fall as the bid proved false.

Jacob and Sandra Elbogen of Brooklyn, New York, say they bought 100 shares of Dayton Hudson stock Tuesday at \$38.75 a share, while Joseph Pascal, a resident of New York state, bought 500 shares at \$38 each. They are seeking unspecified damages, alleging that Mr. Herrlinger's statements were made to inflate and manipulate the stock price.

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## CURRENCY MARKETS

## Dollar Mixed, Gold Up in New York

*Compiled by Our Staff From Dispatches*

**NEW YORK** — The dollar closed mixed Friday against major currencies in New York in quiet trading after closing generally lower in Europe.

Bu gold gained about \$6 an ounce as rising crude oil prices prompted investors to seek out the precious metal as an inflation hedge.

"The dollar didn't do anything," said Chris Bourdin, a vice president for foreign exchange trading at BankAmerica. "It was a quiet, trendless summer market."

In New York, the dollar eased to 1,8270 Deutsche marks, from 1,8295 DM on Thursday, but edged higher to 146.35 yen from 146.25 yen.

It also fell to 1.5155 Swiss francs from 1.5190 and to 6.0965 French francs from 6.1050.

But the British pound slipped against the dollar, to \$1.6110 from \$1.6135.

London Dollar Rates	Fri.	Thur.
Deutsche mark	1,8270	1,8295
French franc	6.0965	6.1050
Swiss franc	1.5155	1.5190
French franc	6.0965	6.1050

In the absence of fresh economic news, but after signs this week that central banks are determined to moderate any swings in the dollar, "The flavor of the market is to buy," one dealer said.

The data have been coming out of the United States haven't been detrimental to the dollar. It's gone lower this week mainly on rumors," he added, referring to speculation that the U.S. Federal Reserve had sold dollars early in the week to limit the currency's rebound.

The oil and gold markets showed more activity, and in late trading

on the New York Mercantile Exchange, West Texas intermediate, the key U.S. crude, was up 61 cents a barrel for August delivery at \$20.28.

As a result, Republic Bank in New York closed cash gold at \$447.25 an ounce, up \$6.25 from Thursday's finish.

Dealers said that of the several U.S. economic indicators set for release next week, the June employment figures on Friday have the greatest potential for moving the currency market.

In London, the dollar eased to 1,8280 Deutsche marks, from 1,8260 DM on Thursday; to 146.15 yen, from 146.30; to 1.5135 Swiss francs from 1.5170 and to 6.0900 French francs after 6.1015.

The British pound was only marginally lower against the dollar, at \$1.6110 from \$1.6115.

Earlier in Europe, the dollar was fixed lower in Frankfurt at 1,8257

## Bonn Reviews French Franc

## Fed Governor Urges Change In Laws to Let Banks Grow

Reuters

**WASHINGTON** — A Federal Reserve Board governor, H. Robert Heller, urged on Friday swift changes in U.S. banking laws to let banks compete more equally with other types of financial service institutions at home and abroad.

If nationwide U.S. banks developed their total assets as a ratio of GNP would be about 4 percent to 5 percent, he suggested.

"Based on the evidence that can be garnered from countries that allow nationwide banking," he said, "one might conclude that fears of some observers that a few giant superbanks might dominate the entire banking scene are therefore probably unjustified."

His comments echoed recent statements by Treasury officials that the government should encourage creation of large banks that could better compete with large banks in Japan and Europe.

Mr. Heller said concern about excessive marketing power for a

few large superbanks that might develop was unwarranted.

In Canada, the five largest banks have total assets ranging from 11 percent to 20 percent of Canada's gross national product at the end of 1985, he said.

If nationwide U.S. banks developed their total assets as a ratio of GNP would be about 4 percent to 5 percent, he suggested.

"Based on the evidence that can be garnered from countries that allow nationwide banking," he said, "one might conclude that fears of some observers that a few giant superbanks might dominate the entire banking scene are therefore probably unjustified."

His comments echoed recent statements by Treasury officials that the government should encourage creation of large banks that could better compete with large banks in Japan and Europe.

Mr. Heller said concern about excessive marketing power for a

United States. The devaluation has not had much effect on the dollar value of wages in the developing countries because most of these currencies are tied to the dollar. But an index of hourly compensation rates. But other factors are at work to preserve the American wage advantage — "enough options that we ought to be able to beat the wage-gap dilemma," Mr. Jasinski said.

The process is slow, however. Years before U.S. and Third World factory wages ever meet, the wage gap within the United States might close. Manufacturing wages in this country are still roughly twice those in the service industry, but service industry pay has been rising at a faster clip than factory wages.

The wage gap is narrowing.

The dollar's plunge has pushed West Germany's hourly compensation to the equivalent of \$16.09, and the level in Japan, France and Italy has risen to between \$11 and \$12 — close to the \$13.09 in the

FRANKFURT — AEG AG, a major West German electronics company, said Friday it has bought, for an undisclosed sum, 80 percent of the Los Angeles-based magnetic train company, Magnetic Transit of America Inc. A magnetic train is run by electromagnets.

## TAX: European Pact on Evasion Set

(Continued from first finance page) drafted and approved last year by the legal and fiscal committees of the council and the Organization for Economic Cooperation and Development, which have continued to coordinate their efforts.

"Our members, like the OECD, are governments, and we certainly have been aware of all the pressure from the ICC and others," the council official said.

"But we do not consult business on such decisions. If they have complaints, they should take them up with their governments."

The Council of Europe's committee of ministers agreed on Thursday to open the convention for signing on Jan. 25, 1988.

Officials said the OECD would follow a similar procedure starting in September. To be implemented, governments must ratify the agreement.

Both the Council of Europe and the OECD lack executive power but can initiate measures for approval by member governments.

No council member exercised its prerogative of vetoing the decision.

## Tight Budget Aims to Cut Egypt Deficits

By Olfat Tahamy  
Special to the Herald Tribune

**CAIRO** — Egypt's parliament has approved a stringent budget that goes some way to meeting reforms demanded by the International Monetary Fund.

The projections for the budget for 1987-88 year, which begins next month, envisage smaller overall and net deficits, underlining Egypt's intention to set the economy on a deflationary course.

After the parliament approved the budget on Thursday, Prime Minister Atel Seidi said, "The budget deficit is the outcome of policies implemented in previous years, and the reduction of the net deficit in the new budget to 680 million pounds (\$310.8 million) is an achievement."

Egypt's long record of deficit budgets, which have fuelled rapid growth but also inflation in the past 10 years, is one of the targets of reform measures agreed with the IMF.

The IMF agreed to lend Egypt \$327 million over 18 months. The conditions for the loan also include controls on the expansion of the money supply, and an increase in interest rates.

But governments may refuse to supply information when that might involve divulging trade, industrial or professional secrets, or in cases that governments regard as "incompatible with generally accepted principles of taxation."

Reflecting the government's expectations that foreign credit facilities will increase as a result of the IMF agreement, budget figures indicate they are expected to rise from \$80 million pounds last year to 1.04 billion this year, covering about one third of the overall deficit.

Foreign loans and aid grants, supplied mainly by the United States, are also projected to rise slightly from last year.

Budget allocations for foreign debt servicing amount to 1.92 billion pounds, including principal and interest payments on debts not covered by the rescheduling agreement concluded with the Paris Club of creditor nations last May.

This amount also covers allocations for the establishment of a fund to cover future payments to Paris Club creditors, who agreed in May to grant Egypt a five-year grace period.

The agreement, with 18 Western creditors, covers \$7.2 billion of Egypt's total of \$40 billion in civilian and military debts. Talks on rescheduling this portion of the debt over a period of 10 years will begin next July.

Total public expenditure is set at 23.06 billion pounds, an increase of 15 percent over the current year's allocation.

Projecting total revenues at 17.91 billion pounds, the budget includes large increases in taxes, particularly value added taxes and customs duties.

## Japanese Banks Win Right to Sell Stocks on Credit

Reuters

**TOKYO** — The Finance Ministry began Friday to allow Japanese banks to sell stocks on margin, a ministry spokesman said.

The move will allow banks to hedge against a major fall in stock prices, the spokesman said. He said this would make banks more reliable creditors because a large portion of banks' capital assets, against which they lend money, are held in stocks.

Margin selling is a mechanism whereby investors borrow stock at a percentage of the stock's value and agree to buy that stock later.

The banks will not be allowed to sell on margin more than 50 percent of their stock holding in any one company, the spokesman said.

Nor will they be allowed to sell during one fiscal year, more than 20 percent of the stocks they hold at the beginning of that year that are eligible for margin selling, he said. About half of the stocks on the Tokyo Stock Exchange's first section are designated permissible for margin trade,

## SCENE: Wage Debate in U.S.

(Continued from first finance page)

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ACROSS	ACROSS
1 Kind of post or lighter	\$1 Ivy League member
5 Castle breed	81 "The Kink _____ film with a twist?"
10 Elbe tributary	53 N.Y. subway
14 Speechless	82 Selvage
18 Moslem chief	83 Crusoe and Friday?
19 Damp	87 Mail: Abb.
20 Blunder	88 Scot's uncle
22 Evangelist Roberts	89 Statement to the I.R.S.
23 Bewildered fish?	90 "The Son Also _____," family film?
25 Midas's marker?	91 An Alaskan
27 French legislature	92 Do a movie scene over
28 Biblical plants	94 Platters
30 Le Soleil	95 Carlsbad
31 Slander	97 From — Z
34 Noted ennead	98 Rica
35 Musical selection	99 Golf score
39 Luft or Doone	100 Jouster's steed?
40 Rich German cake	104 Eloise's dessert?
41 Belgian-French river	109 Sicilian resort
42 Owns	110 Of blood
43 Monogram pt.	111 Horner or Sprat
44 Remark at a Western P.O.?	112 — code part
48 Forage plant	114 Assay
49 Puts up	115 Correct a text
50 Dall's land	116 Tale

DOWN	DOWN
1 " — Girls"	15 Neighbor of Arg.
2 Latin I word	35 Ancient Greek war cry
3 Wire measure	36 Singles-bar patron?
4 Puts on	37 Type of practice
5 " — home is his castle"	38 Rate
6 Juvenal's jottings	40 U. of Md. team
7 Essential part	44 Giggle
8 Employ	45 Yesterday's Fr.
9 Height	46 Methods: Abb.
10 "The Coin — film re numismatists?"	47 Machine parts
11 Parts of brake mechanisms	52 Set of values
12 Congers	54 Baseballer Speaker
13 Half a diam.	55 Emulated Bernhardt
14 Gillis of TV	56 Italian wine center
15 Edible mushroom	57 Hunt-club wall décor?

## PRESUMED INNOCENT

By Scott Turow. 431 pages. \$18.95. Farrar, Straus & Giroux, 19 Union Square West, New York, N.Y. 10003.

Reviewed by Christopher Lehmann-Haupt

**T**HIS is a kinky love affair at the core of Scott Turow's absorbing courtroom drama "Presumed Innocent." The affair involves two lawyers in the prosecuting attorney's office of a middle-sized Midwestern city: one Rusty Sabich, the protagonist and narrator of the story, the other Carolyn Polhemus, who, at the start of the book's action, has just been found murdered in her apartment, the victim of a bludgeoning and apparent rape.

When, in a flashback, Rusty and Carolyn discover their attraction to each other, Rusty observes: "TV and the movies have spoiled the most intimate moments of our lives. They have given us conventions which dominate our expectations in instants whose intensity would ordinarily make them spontaneous and unique. . . . And so we both ended up coming on smooth and wry and bravely composed, like all those gorgeous, poised movietime couples.

## BOOKS

probably because we had no other idea of how to behave."

Well, something similar could be said of the novel in which they appear. Its author may consider himself a writer first and a lawyer second, having held a fellowship in creative writing at Stanford before attending Harvard Law School, and having published "One L." (1977), a delightful account of his first year at Harvard before working for eight years as an assistant United States attorney in his native Chicago and then joining the law firm at which he is now a partner.

Nonetheless, "Presumed Innocent" is in thrall to the traditional conventions of fiction. Its plot is a hoary case of chasing a hen up a tree, throwing stones at him, then getting him down again. Its theme is, unoriginally, the corruption of municipal politics and the paradox of rough justice arising out of a cesspool of wrongdoing.

Its leading characters include the Irish chief prosecuting attorney, his Italian rival for office, a German policeman, a Jewish lawyer, a black judge, a Japanese pathologist, and the protagonist himself,

## Solution to Last Week's Puzzle

FISA	LILIS	PUP	CHEE	JED	ALIENT	ANNE	LE	ST	ED	KEE	POFF	THE	BASE	STOS	SOT	ASTA	A	TELES	WIG	OPEN
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30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50
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## SPORTS

## VANTAGE POINT / Ira Berkow

## From Billy Martin, The Wrong Idealism

*New York Times Service*

**NEW YORK.** — That old idealist, Billy Martin, stood up straight and tall the other day and argued in no uncertain terms that politics has no place in baseball. From a standpoint of pure democratic idealism, Billy Martin is right. From a standpoint of pure actuality, he is wrong, and has been for more than 100 years.

This is what he was quoted as saying: "Politics don't belong in baseball and Jesse Jackson has no right to bring it in." Martin referred to the ultimatum Jackson, the presumptive presidential candidate, had delivered to major league baseball, giving it until June 29 to come up with a comprehensive plan to bring members of minority groups into the front office.

Martin added, "All he talked about were blacks and Hispanics. What about American Indians, Japanese, Chinese, females? Jesse Jackson should stick with religion and keep politics out of baseball."

"A man or woman should earn a right to be in baseball and not be given the right because of color or creed."

Once upon a time, or until 1947, politics, written or unwritten, excluded black players from organized baseball, and from dining in most restaurants and attending theaters and getting jobs and drinking from water fountains, and bunches of other things that white Americans took as their birthright.

And yet, before Jackie Robinson and Branch Rickey broke the color barrier in baseball 40 years ago, there were some in baseball who were shocked if anyone even thought such a deplorable situation even existed.

In Boston in 1943, the City Council, under the leadership of Isadore Munchick, a white politician representing a predominantly black constituency, charged racism and pressured both the Red Sox and Braves to give blacks a tryout.

The Red Sox general manager, Eddie Collins, couldn't believe his ears:

"I have been connected with the Red Sox for 12 years and during that time we have never had a single request for a tryout by a colored applicant. It is beyond my understanding how anyone can minimize or believe that all ballplayers, regardless of race, color, or creed, have not been treated in the American way as far as having an equal opportunity to play with the Red Sox."

The "colored players," obviously, were simply not good enough. Otherwise, surely, according to Collins, they'd have been playing.

Blacks and their supporters fought hard for a chance, and in New York the Fair Employment Practices Commission was moving in the early 40s to have the local teams, the Dodgers, the Giants and the Yankees, open their doors to blacks.

It was Rickey's credit that he did not wait for a court to make a decision for him, though every other team in baseball continued to drag its feet.

The point here is that there are a number of influences needed to a

create equal opportunities for members of minority groups. And the use of political measures — from protests to federal commissions — have brought about results.

It is also true that good people, qualified people, should be given the opportunity. And only when they are given a chance do we truly know their capabilities. Even when Robinson broke in, there were some who said he'd never make it.

Bob Feller, for example, said Robinson was "too tight in the shoulders" to hit effectively, "and if he were white he'd never be given this chance."

Now, there is a move to get blacks into management in baseball, and, for that matter, football. Disclaimers, like indigestible food, repeat themselves.

All Campans says not that black are "too tight in the shoulders," but that they "don't have the necessities" for the front office.

Others, like Collins, say they simply aren't qualified.

But who is qualified? And what are qualifications?

Is Lee Elias qualified beyond others — such as Joe Morgan and Bill Robinson and Bob Gibson — to get a second shot at managing in the big leagues?

Elias was chosen recently to replace Jim Feltke as manager of the Phillies. And Elias's experience? He managed the Cubs in 1982 and part of 1983. He managed them to fifth place the first year and left them in fifth place when he was dismissed in August of the second year.

As for his public relations capabilities — often important for a manager — Elias became famous for a trade against Cub fans, stating that they had to be hums, because anyone with a job wouldn't be at the ballpark in the afternoon. Remember, now, that the Cubs were dismissed in August of the second year.

Billy Martin, that old idealist, also noted that Jackson should have included other minorities in his push for executive jobs in baseball. Well, Martin's right again; it's just that there are substantially more black and Hispanic players in big league baseball than there are Japanese and Chinese and American Indians and women.

In modern times, only three black have been hired as managers in the big leagues, and none in the modern era of the National Football League.

In the end, the black manager or coach could succeed or fail as easily as his white counterpart. After all, it has been proven over and over that the more talented are the playerson a team, the smarter is the manager of that team.

This recalls Warren Spahn's observation.

Spahn pitched for the Boston Braves in 1942 when Casey Stengel managed that lousy team, and he pitched for the 10th-place New York Mets in 1965 when Stengel managed there, in between, Stengel managed the New York Yankees to the year in the ninth when Murphy scored on 10 pennants in 12 years.

"I played for Casey," said Spahn, "before and after he was a 15th save."

The point here is that there are a number of influences needed to a

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*The Associated Press*

WIMBLEDON, England — Boris Becker's dreams of a third consecutive Wimbledon championship died in the second round Friday as Peter Doohan of Australia upset the top-seeded Becker, 7-6, 4-6, 6-2, 6-4.

Doohan, ranked 70th in the world, had never won a match in four Wimbledon appearances, and

## Becker Defeated in Second Round

Bunge, the ninth seed, beat America Wendy White, 6-4, 6-4.

Stefan Edberg, the fourth seed, of Sweden defeated American Mel Purcell, 6-4, 6-3, 6-4; Jimmy Connors of the United States, seeded seventh, defeated Stephen Shaw of Britain, 6-2, 2-6, 6-3, 6-4, 6-4.

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WIMBLEDON TENNIS

Becker had won 15 matches in a row on the grass courts, while winning the previous two titles.

"It hurts more to lose to Doohan in the second round than in the final," Becker said. "Right now, I don't really realize what I did. I am very disappointed. But tomorrow morning when I wake up, it's going to be worse."

Becker has said he was born as a tennis player on Wimbledon's Centre Court. But on a sun-splashed afternoon on Court No. 1, his bid for a place in history perished.

The unseeded Doohan won on his second match point, when Becker, a 19-year-old West German, sent a backhand wide down the line.

Doohan couldn't believe his eyes. He slowly brought his head up, and placed his hands on his forehead. Doohan gave Becker a sympathetic slap on the back as they walked off court.

The chief beneficiary of Becker's loss was Ivan Lendl, top-ranked in the world but seeded second at Wimbledon because of Becker's草根 power.

Lendl almost missed out himself.

In a match that started Thursday but was halted by rain in the second set, Lendl used a powerful forehand to rally and defeat Paolo Cane of Italy, 3-6, 7-6, 6-7, 7-5, 6-1.

Afterward, Lendl, in an uncharacteristic outburst, called Cane a crybaby, said his opponent had choked and added: "He just tries to cheat."

Friday was just the second completely dry day of the tournament, and match succeeded match quickly as officials tried to make up for the rain delays. All first-round men's doubles matches were reduced to best of three matches instead of best of five.

Second-seeded Steffi Graf of West Germany breezed into the third round with her 41st consecutive victory, 6-0, 6-0, over Tina Schemm-Larsen of Denmark. American Chris Evert, the third seed, also advanced, defeating Laura Gómez of Italy, 7-5, 6-0.

Other winners included fifth-seeded Paul Shriver of the United States, 6-2, 6-2, over Australia's Ann Minter, eighth-seeded Claudia Kohde-Kilsch of West Germany, 6-0, 6-1, over Anna Devries of Belgium; 13th-seeded Barbara Polle of the United States over Catherine Suire of France, 6-4, 6-6, 6-1; 15th-seeded Raffaella Reggi of Italy over Susan Sloane of the United States, 6-2, 6-2.

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It took a while for Lendl to get going when play resumed under sunny skies Friday, but by the end the Czechoslovak was strutting and swinging shots, while Cane was slapping his racket to the ground.

"I said to myself, 'Maybe he will choke,' and he did," Lendl said. "He seemed to totally disappear. He was there physically, but he was gone mentally."



Roy Lettau/EPA  
Boris Becker recovers from a fall during his losing match.



Robert Dear/The Associated Press  
Ivan Lendl plunges into the net in a grueling five-set match.

## Would-Be Tying Run Ends Up as the Last Out

*United Press International*

LOS ANGELES — Chuck Tanner has managed 2,604 games in his 17-year major league career — 1,299 of them losses — and he says none ended as strangely as the Atlanta Braves' 2-1 defeat Thursday night at the hands of the Los Angeles Dodgers.

Tanner, 41, said, "I've never seen a game like this in my entire career," in a tone that sounded like a mix of pride and despair.

Rafael Santana drove in two runs each to lead the Mets to victory over Chicago. Gooden struck out five and walked five and allowed one unearned run.

Expos 2, Pirates 2: In Pittsburgh, Mitch Webster went 4 for 5 and drove in three runs and Tim Raines and Andres Galarraga had two RBI each to lead Montreal Dennis Martinez, the winner, pitched 5½ innings before leaving with a torn fingernail.

Cardinals 3, Phillies 0: In St. Louis, Missouri, Greg Mathews pitched a three-hitter for his first career shutout and Jack Clark produced his 68th RBI of the year in the Cardinals' defeat of Philadelphia. Mathews struck out five and walked two hard for his own good.

Mathews lined a shot toward right that should have driven in three runs but was driven in by pinch runner Trench Davis from third with two out in the ninth. Ted Simmons faced Orel Hershiser, the ball he broke from first, making him the final out of the game.

"I saw it coming at me and I just turned to try to get out of the way," said Hubbard, who was hit in the neck and unable to get up for about a minute.

Hershiser escaped with an eight-hitter — including Simmons' ill-fated single in the ninth. He struck out seven and walked one in his fifth complete game for this season.

He lost a bid for his first shutout of the year in the ninth when Murphy scored on a groundout.

Mets 4, Cards 1: In San Diego, Carmel Mathews' pop fly among three Houston fielders, keying a four-run sixth inning that carried the Padres. Dave Dravecky won 6½-innings for the victory. Lance McCullers earned his ninth save.

Giants 7, Reds 6: In San Francisco, Will Clark drove home Chris Brown from third base with one out in the ninth as the Giants edged Cincinnati. The Giants have won only three of their last 12 games.

Twins 4, Indians 3: In the only American League game in Minneapolis, Dan Clodden, Kent Hirsh and Roy Smalley hit home runs to power Minnesota to a three-game sweep of Cleveland and stretch their winning streak to four games.

Bert Blyleven scattered eight hits over six innings to notch the triumph. Jeff Reardon earned his 15th save.

Padres 2, Cards 1: In St. Louis, Missouri, Mike Matheny, 4-2, and Fernando Valenzuela, 4-2, pitched a one-hitter apiece.

Valenzuela, 4-2, led the Cards to victory, 2-1, on a sacrifice fly by Steve Garvey.

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Red Sox 3, Indians 2: In Boston, Steve Dalkowski, 4-2, and Dennis Eckersley, 4-2, pitched a one-hitter apiece.

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## POSTCARD

## Kind Cuts for Kids

By Michael Winerip  
New York Times Service

**F**AIR LAWN, New Jersey.—If you were a boy in the 1950s, you hated your head. Every six weeks they grabbed you, threw you in the barber chair, and then a man—specifically selected for the job because he despised children—took a set of electric shears and buzzed off all your hair. When it was over, you looked fit to be electrocuted.

Well, the boys of the 1950s are now fathers determined to have sons who feel better about their own heads. "I'll never let my son have a crew cut," said David Segal, a lawyer. "I had one so long, I couldn't stand it." Segal had a 9-year appointment one morning this week for his 4-year-old, Ari, at the neighborhood unisex salon, Cuts for Peanuts.

Beforehand, Mr. Segal always consults with Ari's stylist, Chris Rosso. "I might ask Chris to give Ari a little tail in the back."

Parents today are disappointed if their sons lag behind when it comes to hairstyles. "He won't let me spike his hair," Joanne Aguilis, mother of two boys, told the stylist. "I don't like it sticking up," said 4-year-old Dino.

"As soon as he walked in," Aguilis said, "Dino said, 'I want it flat.'"

"He doesn't want spikes," agreed Dino's stylist, Chris.

"I think spike look absolutely adorable," said Aguilis. "My nephews all have it. But Mr. Mind-of-His-Own said he doesn't want it."

"Because I don't feel like it," said Dino.

At Cuts for Peanuts, haircuts begin at \$12. Reservations are recommended two weeks ahead. While Daniel DeMiglio, 4, waited for his stylist, Oiga, he sipped a cup of spring water.

No one sits on a barber chair.

Please. You get your hair cut on a rocking horse, train, motorcycle or giant frog. Linda DeMiglio, Daniel's mother, said children today have come to expect this. Daniel's dentist in Ridgewood has his office done in an E.T. motif. His eye doctor uses puppets. Daniel is bouncing around from doctor to doctor—he's having the time of his life, it's one big amusement park.

Children identify with their stylist. Last visit, Justin Sutter, 3,

brought extra Chexlers sugarless gum for his stylist. "He can't wait to see Chris," said his mother, Gael David Sherer, 6, didn't have an appointment; he just came in to say hello.

Olga has one regular, Josh Amaroosoo, who demanded spikes. "He said, 'Mom, I've got to have spikes, Mom, you promised,'" recalled Olga. "His mother said, 'No spikes.' He still had school, it was just a new thing. Josh started jazz. But you know what? Next time he came in for his summer appointment, he got spikes. Chris, you remember that, when Josh cried about his spikes?"

"Oh, yeah," said Chris. The appointment begins in a reclining chair, with a shampoo. "Most little boys have been built up," explained Olga. Ari took off his blue Mickey Mouse sunglasses as Chris shampooed him first with Chris' peppermint and then with Ensure, an instant conditioner.

"Where shall we sit for our haircut, Ari?" said Chris. Ari felt the green frog would be best.

"What did we decide, Ari?" said his father. "Tail or no tail."

Ari was watching a Pee Wee Herman record on the salon TV and said nothing. "We can give him a little one," said Chris.

"A little bit of tail," said the father. "Ari? That okay?" Ari is going to Pinebrook Day Camp soon. Everyone wants him looking his best. As Chris worked, a little tail of hair emerged at the nape of Ari's neck.

"What about the front?" said Ari. "We'll take some off the front," said Chris. He took out electric trimmers.

"Wait, wait," said Segal. "I could never stand clippers. All it does is make your hair fuzz." Chris used a scissors instead.

Soon Chris lifted Ari out of the frog and gave him a mirror to check his tail. Like all patrons, Ari got a balloon and butter cookie when he left.

A couple times a week parents book Cuts for Peanuts for the afternoon and throw a haircut party. Joan Bocchino had a salon party recently from doctor to doctor—he's having the time of his life, it's one big amusement park.

Children identify with their stylist. Last visit, Justin Sutter, 3,

Jerry Gonzalez:  
Salsa AmericanaBy Mike Zwerin  
International Herald Tribune

**P**ARIS — The fact that Manny Oquendo's New York Latin-jazz group Conjunto Libre was hired to perform on the Fourth of July for the Parisian jazz festival "Halles Thal Jazz" may be a coincidence — the promoters maintain they just wanted a group that could be both listened and danced to. But the Latin influence has now permeated the mainstream of North American jazz, and this date coming one year after the group played on South Street following the fireworks for the Statue of Liberty celebration confirms its consequence.

Soon after he formed the Fort Apache Band, its unique Afro-Cuban syncopations earned the group an invitation to the 1982 Berlin Jazz Festival, where they were acclaimed.

Despite being one of the biggest salsa names, Gonzalez is honored to remain a sideman for Manny Oquendo, whom he calls "the Art Blakey of the timbales." Conjunto Libre "has been about the strongest Latin band in New York for the last 12 years. Manny is the keeper of the flame. He's played a significant part in the creative development of New York's Latin music scene from the beginning, including the Palladium era, the cha-cha-cha, the mambo, big band latino, conjuntos, charangas and the pachanga craze, all of which contributed to the enormous popularity of Latin music. His drumming was a prime driving factor in Eddie Palmieri's early bands. I was totally fascinated by him as a kid, knocked out by his band, and then later I was really knocked out to find myself playing with him."

The roots of salsa go back to Cuba like the roots of jazz to New Orleans. The bands Alsenio Rodriguez, Arcano y su Maravillas and Angie Meleadero y su Combo were formed in the 1930s and '40s. Louis Armstrong's solo on "Stormy Weather" influenced a lot of Cuban trumpet players, including Felix Chappoton, who recently died there. There were many parallels between Cuban and North American improvisers. Elens Burke was called the Cuban Sarah Vaughan.

Gonzalez said: "We are trying to keep this tradition alive in modern form. But young New Yorkers have lost touch with the roots, they want to sound American. They've lost access to the older stuff. It's no longer available, those older records are disappearing, and there are no archives. If you want to look back into the history of jazz, the documentation is there. There are research studies and libraries. Not much."

"Conjunto Libre managed to stay alive in New York for 12 years without traveling very much. We work every week in dance clubs in Brooklyn, the Bronx and Manhattan. There's a lot of small clubs. If there weren't places for Latinos to dance in New York, they'd set the place on fire. We've been moving lately; we recently went to Holland and Italy. This will be our first time in France. And when I was in Sardinia with Tito Puente, there were all these people yelling our names out. They knew everything about us. I got a letter from a guy in Malaysia and he knew every one of my records. He asked if I could send him a T-shirt. All of a sudden this music is getting out in the world."

Manny Oquendo's Conjunto Libre: Verona Jazz Festival, June 30; Paris (Grande Halle de la Villette), July 4.



Christian Rose

## PEOPLE

## A Fancy Dress Fall

A 29-year-old New Zealander dressed in a tuxedo transformed himself into a human yo-yo in Paris, leaping off the Eiffel Tower with an elastic rope attached to his feet. Alan John Hackett plunged from the second level of the tower, about 115 meters (380 feet) high, to about 2.5 meters from the ground before the elastic broke the fall. After a half-dozen rebounds—the first of which took him about two-thirds of the way back up—he finally came to rest dangling by his feet about 25 meters above the ground. An accomplice then lowered him to the ground, where he was greeted by champagne-toing friends, a busload of startled early-morning tourists, and the police, who took his name but did not hold him. Hackett said he and a friend had when the tower closed at night and prepared for the 6:30 A.M. stunt. He had practiced several days earlier by jumping from an identical height in the Annecy region in the French Alps, experimenting to get the proper length of rope. "The main idea is to get as close to the ground as possible," he said.

The 30th annual Festival of the Two Worlds in Spoleto, Italy, opened with what Gino Carlo Menotti, the festival's founder, said was his farewell to operatic stage directing — an ambitious production of Wagner's "Parsifal." Menotti, who had worked on the production for years, appeared at stage at the end in the packed Teatro Nuovo to thank the audience. In return, Junges Welt (Young World) quoted Honecker, a drummer with a Socialist band in his youth, as telling Udo Lindenberg he took the gift to be a "rock music symbol of a life without war, the misery of unemployment, without anti-communism or neo-fascism."

"Have fun practicing. Friendly greetings, E. Honecker." The letter appeared two weeks after clashes at the East German side of the Berlin Wall between the police and rock fans who had gathered to hear a concert hundreds of yards away in West Berlin. "You know from your own experience, that the GDR (East Germany) is very open to youth needs and to rock music," Honecker said. "The reports of Western media are one thing and the realities of our country are another."

An East German youth newspaper today published a letter from Communist Party leader Erich Honecker thanking a West German rock star for sending him a leather jacket and enclosing a horn in return. Junges Welt (Young World) quoted Honecker, a drummer with a Socialist band in his youth, as telling Udo Lindenberg he took the gift to be a "rock music symbol of a life without war, the misery of unemployment, without anti-communism or neo-fascism." "Have fun practicing. Friendly greetings, E. Honecker." The letter appeared two weeks after clashes at the East German side of the Berlin Wall between the police and rock fans who had gathered to hear a concert hundreds of yards away in West Berlin. "You know from your own experience, that the GDR (East Germany) is very open to youth needs and to rock music," Honecker said. "The reports of Western media are one thing and the realities of our country are another."

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